

Political Fight Erupts in Moscow After Near Accord

By Michael R. Gordon

New York Times Service

MOSCOW — Kremlin aides and Russian lawmakers announced a new accord Sunday that would ease the bitter standoff over power-sharing between President Boris Yeltsin and Parliament and pave the way to approve Viktor Chernomyrdin as prime minister.

But within a few hours, as the nation's leading political leaders squabbled bitterly on national television, the celebrated breakthrough was on the verge of a breakdown.

This was not the way the script was supposed to read. With its currency

plunging and its leading banks on the brink of collapse, Russia's politicians had sought to proclaim a political truce.

Gennadi Zyuganov, the Communist

Timing is bad for visit Tuesday by Clinton. • Ruble crisis has shaken Russians' faith in reforms. Page 5.

leader, set the tone by declaring in a live debate on the NTV television network that he had not authorized his party's representative to endorse the accord in the negotiations.

Mr. Zyuganov said that he did not

trust President Boris Yeltsin to honor the agreement and, as a result, would order party members to vote against confirming Acting Prime Minister Chernomyrdin as prime minister.

With Mr. Chernomyrdin's nomination scheduled to come before Parliament on Monday, and President Bill Clinton due to arrive Tuesday for a summit meeting, Russian politics slipped from statesmanship to near farce.

"The whole faction will vote against Chernomyrdin," Mr. Zyuganov said sternly. "Mr. Chernomyrdin is an accomplice with Yeltsin in the destruction of the past years."

That brought a sharp rejoinder from Alexander Shokhin, the leader of Mr. Chernomyrdin's faction, who was summoned up the speaker of a political and economic meltdown.

Mr. Shokhin threatened that the Communist refusal to back the accord could lead to the dissolution of Parliament, an ironic warning. The accord Sunday was intended to preclude just that.

He also warned darkly of an economic debacle that would dwarf the current financial crisis and social unrest.

"The most important thing is not bargaining but moving away from the abyss," Mr. Shokhin said.

Grigori Yavlinsky, leader of the liberal Yabloko faction, punctuated the raucous debate by proclaiming that he was ashamed of the inability of Russia's politicians and financial barons to exercise a modicum of statesmanship.

"I have to say that I am ashamed about everything I hear about me now," said Mr. Yavlinsky, who then treated the nation to a long sermon on his own political platform.

After days of behind-the-scenes negotiations, politicians had planned to announce an accord that would guarantee a measure of political stability for the next 18 months until elections.

The Parliament would promise out

to seek Mr. Yeltsin's impeachment.

The president would agree, in turn, not to dissolve the legislature.

Mr. Chernomyrdin would become prime minister, and there would be no mass dismissals of government figures.

The accord would have preserved much of the president's prerogatives under the constitution.

Mr. Yeltsin would have preserved his right to appoint and dismiss the heads of Russia's so-called power ministries, including the foreign, defense and interior ministries.

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Remembering Diana, but Moving On

By Suzy Menkes

International Herald Tribune

LONDON — The flowers are back, glazed under cellophane, laid at the railings of Kensington Palace and bearing the familiar moving or mawkish messages.

"Di: you will never be forgotten." "Diana: in remembrance." "You will always be our Queen of Hearts" — those words written on a card where blush-pink roses circle the serene face of "England's rose."

On the eve of the first anniversary of the death of Diana, Princess of Wales, time cannot weary her image, nor have all the memorial tubs of margarine, tacky souvenirs or the infighting of her relatives tarnished her stellar status.

Diana, 36 when she died Aug. 31, 1997, in a Paris automobile accident, is up there with Marilyn Monroe, confirmed as a 20th century icon.

One year after the sea of bouquets has been reduced to a trickle, how can an event that engulfed England and seemed to mark a change of character from stiff upper lip to a touchy-feely Oprah Winfrey society that Diana represented?

And how fares a monarchy that seemed petrified and inert, as an angry mob demanded that Queen Elizabeth quit Balmoral Castle for Buckingham Palace and fly the flag at half staff in homage to the disgraced princess?

Diana's death may have seemed significant partly because it came so soon after the election of Tony Blair as prime minister, which was a genuine watershed in British society and a major generational change. By associating himself with the "people's princess" and taking control of events, Mr. Blair steeled the royal boat, although it was constitutionally most unlikely that Parliament would have gone through the complex motions of checking out the monarchy and a millennium of British history.

But if time is the great healer, the royal family seems to have benefited most from this process. A year later, the shouts of the republicans have been drowned out by the



At Kensington Palace, a year after Diana's death.

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A Scramble for Responses to Crisis

Weakness at the Top Clouds
World's Search for Solutions

By Nicholas D. Kristof

New York Times Service

TOKYO — It is sometimes said that extraordinary times produce extraordinary leaders. But if so, where are they? Many experts in foreign affairs worry about what they see as a perilous combination of Brobdingnagian challenges to international stability and Lilliputian authority among the political leaders tackling them.

With the Asian meltdown spreading to Russia and undermining Europe, China and Latin America, some experts fret about the risk of a severe global downturn, perhaps another depression, with incalculable political and military risks. But just as the threats to world order seem unusually grave and complex, leaders in major capitals appear unusually enfeebled.

"Today we are on the verge of massive international dislocations, which may have started in one country, Thailand, but have created the real prospect of global financial instability," said Jeffrey Garten, dean of the Yale School of Management.

"The reason this is potentially calamitous is that no one is in charge."

That is something that President Bill Clinton might discuss with President Boris Yeltsin at their summit meeting in Moscow this week.

But the metaphor of a summit meeting seems inappropriately robust; these days the most fitting location for any meeting of the Group of Seven industrialized nations and Russia might be a hospital ward, where presidents could compare scars and take bets on who will survive longest.

Mr. Clinton is so hobbled by scandal that he cannot even launch missiles against alleged Afghan-based Arab terrorists

G-7 Calls on Russia to Reform
As Japan Seeks Summit Talks

By Alan Friedman

International Herald Tribune

ROME — The Group of Seven industrialized nations on Sunday called on Russia to stick to economic reforms in order to get through its crisis, according to a spokesman for the British government, which holds the rotating G-7 chairmanship.

Separately, the chief economic planner for Japan proposed Sunday an emergency G-7 summit meeting in September to discuss the way the twin crises in Asia and Russia are roiling global stock markets.

Although the call for a summit meeting did not produce immediate responses, the Italian prime minister, Romano Prodi, said Sunday that he would favor a meeting "provided we have a G-7 agreement on a concrete package of measures."

Prime Minister Tony Blair of Britain and President Bill Clinton discussed the Russian crisis by telephone Sunday and agreed that the West was ready to help, but only if Russia continued economic reform, said a spokesman for Mr. Blair.

"There was clear agreement that we're ready to help Russia, but only if Russia is ready to pursue further economic reform," the spokesman, quoted by Reuters in London, said.

Mr. Prodi said he feared that "without concrete action by both Europe and the United States, I would not be surprised by a severe drop in Europe's growth rate this year."

The flurry of consultations among G-7 leaders included phone calls by Mr. Blair to President Jacques Chirac of France, Mr. Prodi, Keizo Obuchi, the Japanese prime minister, and Chancellor Helmut Kohl of Germany.

Aides to Mr. Blair, while not commenting on the Japanese proposal for a special G-7 summit meeting, denied that there were any plans for such a meeting. They stressed that the aim of the telephone calls was for the government leaders to

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Dow's Saw-Toothed Descent Stirs Fears: Is the Bull Market at an End?

By Tim Smart

Washington Post Service

NEW YORK — As Wall Street's summer of discontent enters its final week, there is one question uppermost in the minds of both the professional trader and the average investor as they await Monday's opening bell: Are we at the end of the greatest bull market in history?

Last week saw the Dow Jones industrial average, that broad symbol of American capitalism, lose almost 515 points, or 5.65 percent of its value. Since peaking six weeks ago, the Dow has lost almost 14 percent of its value.

For many whose job it is to watch the whims of Wall Street and try to make

sense of them, last week's swoon seemed different from other dips over the last decade. To them, the recent market turmoil might foreshadow a stock market — a sustained decline in stock prices like that of the early 1970s.

The saw-toothed nature of the Dow's descent, in which it struggles to recover from the prior day's losses only to end lower, increasingly suggests to analysts a more ominous phenomenon than just another short-term sell-off, or correction, like that of October 1987 or the one at the outbreak of the Gulf War.

"I think the consensus is rolling around that we're in the second inning of a bear market rather than the ninth inning of a correction," said Michael Molnar,

who directs the trading of over-the-counter stocks at Salomon Smith Barney, one of Wall Street's financial giants.

What worries Mr. Molnar and other stock experts is that this time the drop in the Dow comes amid a worsening global economic climate that has seen currency and financial crisis spread from East Asia across the Urals to Russia and beyond to emerging markets in Latin America. Neighboring Canada has been affected, with a sharp drop in the value of its dollar. And some on Wall Street say President Bill Clinton's personal problems leave him without the stature to provide leadership that some think is needed at this moment.

The great truth of the stock market is

that no one knows what will happen Monday — or beyond. But for 16 years now, the general trend has been up, and investors, particularly individuals, have been conditioned to believe that's the only direction for it to travel.

"When the bear really bites, we'll see," said George Summers, 58, a long-term investor who was outside the Charles Schwab & Co. brokerage office inside the World Trade Center. Mr. Summers said he was checking on his holdings of gold stocks at the office, a haven for those who frequently monitor their portfolios.

Individual investors could well hold the key to the market's immediate health. There is about \$5 trillion invested

in mutual funds, an economic force of such power that it can change the market. For years now, investors have been pouring money — as much as \$20 billion a month — into stock funds, and if they continue to do so, that will keep markets buoyant for the long term.

But, tellingly, last month saw the first outflow of money from stock mutual funds as stock prices began their summer swoon. Reports from mutual-fund companies indicate that investors have begun moving to the sidelines, either into bond funds, which are considered safe havens, or into money-market funds, where they can earn interest on their money and still have easy access to it.

The uncertainty over investor sen-

timent could be felt 2,000 miles (3,200 kilometers) from Wall Street in Jackson Hole, Wyoming, where many of the world's top financial types gathered Friday for the annual summer conference of the Kansas City Federal Reserve District. The group had scheduled a discussion of income inequality in the United States, but the redistribution of wealth on Wall Street quickly forced them to change their plans.

E. Gerald Corrigan, the former president of the New York Fed who helped calm markets in the wake of the 1987 crash, offered conference participants a sobering assessment of the crises in

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Surprise! Internet Users May Find a Lonely Planet

By Amy Harmon

New York Times Service

In the first concentrated study of the social and psychological effects of Internet use at home, researchers at Carnegie Mellon University in Pittsburgh have found that people who spend even a few hours a week on line experience higher levels of depression and loneliness than they would have if they used the computer network less frequently.

Those participants who were lonelier and more depressed at the start of the two-year study, as determined by a standard questionnaire administered to all the subjects, were not more likely to use the Internet. Instead, Internet use itself appeared to cause a decline in psychological well-being, the researchers said.

The results of the \$1.5 million project ran completely contrary to expectations of the social scientists who designed it and to many of the organizations that

financed the study. These included technology companies like Intel Corp., Hewlett-Packard Co., AT&T Research and Apple Computer Inc., as well as the National Science Foundation.

"We were shocked by the findings, because they are counterintuitive to what we know about how socially the Internet is being used," said Robert Kraut, a social psychology professor at Carnegie Mellon's Human Computer Interaction Institute. "We are not talking here about the extremes. These were normal adults and their families, and on average, for those who used the Internet most, things got worse."

The Internet has been praised as superior to television and other "passive" media because it allows users to choose the kind of information they want to receive, and often, to respond actively to it in the form of e-mail exchanges with

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Angolans Seize Port From Congo Rebels

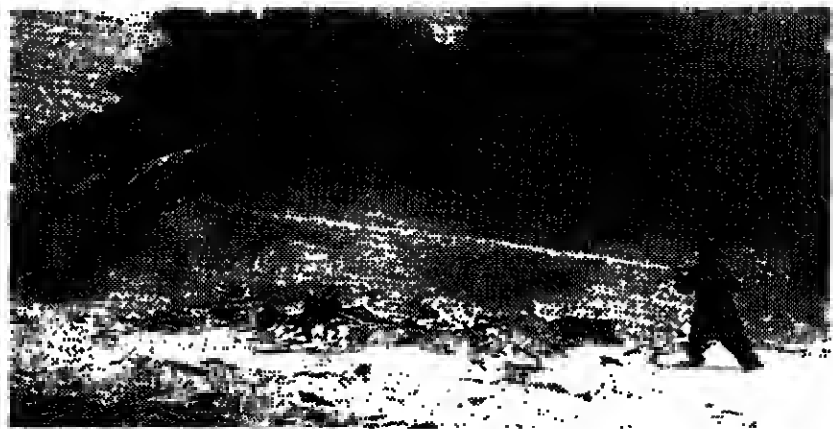
A month-old armed rebellion against President Laurent Kabila is splintering to a halt in the southwestern Congo, where loyalist forces recaptured the area's last major rebel stronghold.

Angolan forces fighting on behalf of Mr. Kabila entered the port town of Matadi, on the Congo River, after rebel forces reportedly were airlifted from the area in a hasty retreat. The port was burned by the insurgents, the government said Sunday.

But the rebels, who still hold several key cities in the east, have vowed to continue fighting. Page 7.

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A firefighter battling the blaze on the jet that crashed in Quito.

At Least 79 Die as Jet Crashes in Ecuador

At least 79 people were killed and 39 injured when a Cuban airliner crashed into a field and exploded while trying to take off from the airport in Quito, Ecuador, officials said.

The Russian-made Tupolev-154 air-

craft owned by Cubana de Aviacion clipped the top of an auto mechanic's shop beyond the end of the runway, witnesses said. Among those killed were five children playing soccer on a nearby field. Page 2.



A man comforting a crash survivor.

Doubts Surround U.S. Explanation for Attacking Sudan Factory

By Tim Weiner
and Steven Lee Myers

New York Times Service

WASHINGTON — In the days since the United States bombed what it called a secret chemical weapons plant in Sudan, some of the key statements made by administration officials to justify the attack have proved to be inaccurate, misleading or open to question.

U.S. officials continue to say they

bombed a facility that produced a key ingredient for a deadly nerve agent. But their descriptions of the plant as a highly secretive, tightly secured military-industrial site, their initial statement that the plant produced no commercial products and their statements that the exiled Saudi millionaire, Osama bin Laden, directly financed the plant, do not appear to be factual.

Administration officials' efforts to strengthen their case have been com-

plexed by the extreme secrecy they imposed in launching the attack, which they now say prevents them from showing their evidence to the world. That secrecy and the inconsistencies in their public statements have given the Sudanese government, which the United States calls a sponsor of international terrorism, a chance to challenge the justification for the attack and call for an international inquiry. The administration's refusal to endorse an inquiry also

has become an issue in the international debate over the attack.

President Bill Clinton personally chose the bombing site, a pharmaceutical plant in an industrial area of northern Khartoum, as the target for U.S. cruise missiles, declining to strike any other among a larger set of targets presented to him by military planners.

But it is unclear whether the CIA told Mr. Clinton that it was also a medicine factory with a United Nations contract.

"There may have been better places to go," a Pentagon official said. "That doesn't mean it was the wrong place to go."

Mr. Clinton said Monday that he had stayed awake "up till 2:30 in the morning trying to make absolutely sure that at that chemical plant there was no night shift." He added: "I didn't want some person who was a nobody to me, but

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Estate of Siege in the Hamptons/ 'Palace Envy'

A 29-Bedroom Mammoth? Not in Our Backyard!

By Blaine Harden
Washington Post Service

SAGAPONACK, New York — As a metaphor for excess, nothing measures up to the "single-family house" that a reclusive industrialist is building here in a potato field by the sea. Larger than the White House and Bill Gates's mansion combined, the complex under construction for Ira Rennett will be by far the biggest mansion ever erected in the Hamptons.

That is saying something. Fueled by Wall Street, the famously rich, along with legions of no-name plutocrats like Mr. Rennett, have been building progressively larger Xanadus out here on the south fork of Long Island. Every few years, one of these monstrosities occasions a round of clucking, usually from millionaires already in residence, about "the architecture of egotism."

Such spats usually die out after a newcomer throws a dinner party or two. But Mr. Rennett's 63-acre (25-hectare) compound — planned with 29 bedrooms, 39 bathrooms, a 10,000-square-foot (900-square-meter) "playhouse" and a restaurant-sized kitchen with a 1,500-gallon (5,700-liter) grease trap — is of a different and altogether intolerable dimension. That, at least, is the case being made by a militant and growing army of Hampton summer people, who themselves are mostly very rich and who live in very fancy houses.

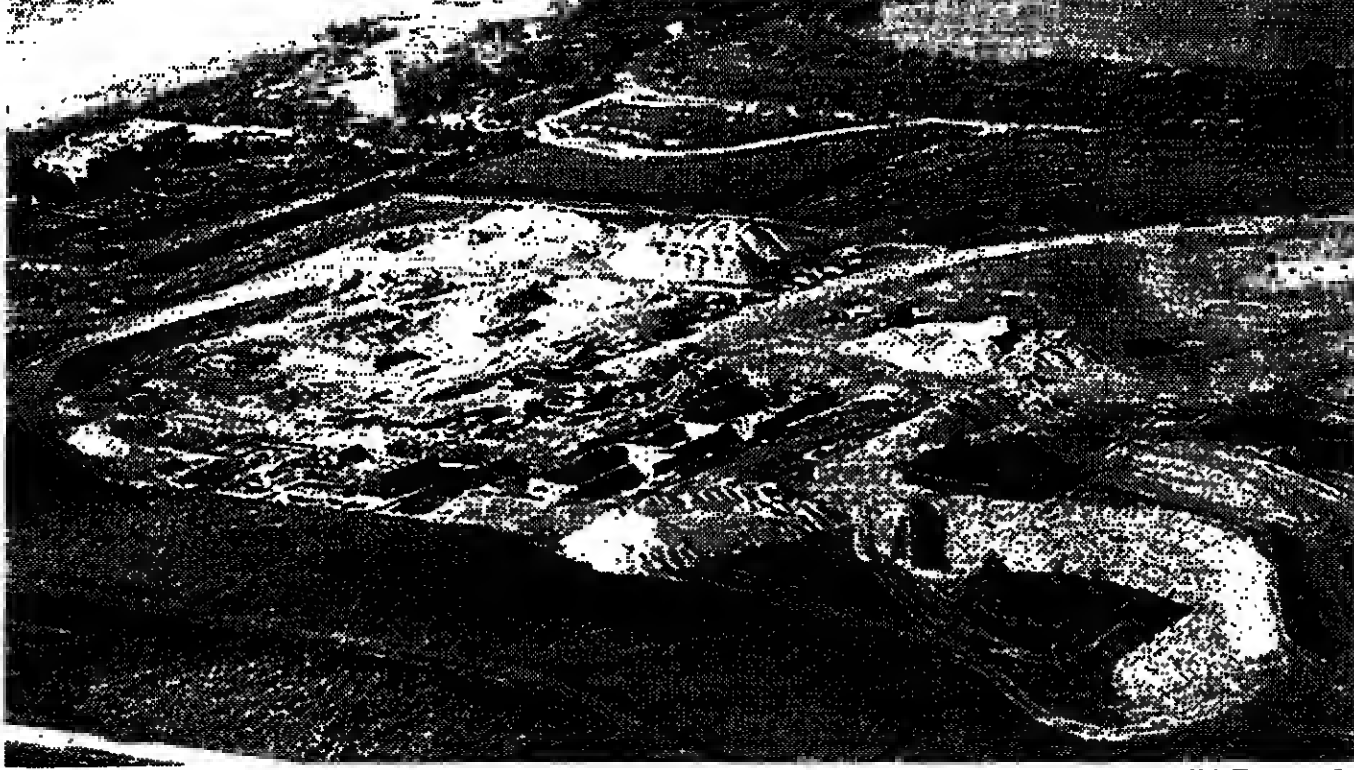
Traditionally, the stock market governs the periodic explosion and fizzle of real estate prices in the Hamptons. The market has done little but rise in recent times, and prices out here have risen with it. But now, as Wall Street swoons, new reasons have arisen to question the Rennett house: It is being seen as an omen.

"This house represents the beginning of the end. It gives a message about how far over-the-top the stock market has taken us," grumbled an investment banker whose Sagaponack home faces Mr. Rennett's construction site. He refused to allow his name to be printed.

Most of Mr. Rennett's critics, however, are more than willing to howl on the record. They have raised more than \$70,000, hired teams of lawyers and land-planning experts and overrun two special meetings of the Southampton Zoning Board of Appeals, arguing that the Rennett house is too big to be a single-family home.

"I am Kurt Vonnegut. I am a novelist. I have lived in a house in Sagaponack for 22 years," the writer told the zoning board of appeals Thursday night.

The Rennett house, Mr. Vonnegut said, "will destroy Sagaponack for me, where I have worked and lived very happily. It will cut off views of the waterfront. Such an enormous establishment does not belong between us and the water."



The construction site for Ira Rennett's home. One neighbor, scorning 'this conference-center type place,' said: 'People go to war to preserve a way of life. We are all fighting to maintain a way of life.'

The writer and film director Andre Gregory, a longtime Sagaponack resident, spoke softly, appealing to the zoning board's sense of decency. "I beg you, I beg you as fellow human beings, don't do this. We can never go back. It is insensitive to the community. It is insensitive to the land. Shame is a terrible, terrible feeling. Let us please not be ashamed that we have done this. Please," Mr. Gregory said.

More typically, homeowners snarled, rather than begged. Nancy Behrman said she is building her 4,000-square-foot "dream home" next to a corner of Mr. Rennett's property where there is to be a "mechanized building," a structure that will house, among other things, a 6,000-gallon underground oil tank, a 2,500-gallon propane tank and a 2,500-gallon gasoline tank.

Ms. Behrman said that for three years she and her architects have been trying to design her house so that it will complement the Hamptons' landscape, which she said has "the wettest, most amazing light." But now, as an armada of trucks descends daily on the Rennett land, Ms. Behrman said her "dream house" is being "polluted by a development of gargantuan commercial proportions."

The character of Sagaponack is changed forever by this conference-center type place," she said. "People go to war to preserve a way of life. We are all fighting to maintain a way of life."

Mr. Rennett, a New York businessman whose Renco Group was listed by Forbes magazine last year as the 51st-largest of America's top 500

private companies, wasn't at the zoning board meeting. One of his lawyers said he was "traveling."

Mr. Rennett has companies all across the country. Renco Group, with holdings that range from an Indiana company that makes the Jeep-like Humvee to Magnesium Corp. of America in Utah, had revenue in 1997 of \$2.5 billion, according to Forbes. Mr. Rennett's personal fortune has been estimated at more than \$500 million.

STARTING off as a securities broker, Mr. Rennett became rich by making a series of leveraged buyouts in the '70s and '80s. He bought companies that could be had cheaply and made them run more efficiently. He has been a generous donor to Orthodox Jewish and Israeli causes. He gave \$2.5 million recently to Barnard College in New York City to endow a chair in Judaic studies. His two daughters graduated from Barnard.

Always shunning publicity in New York, Mr. Rennett has declined repeated requests to meet with his Hamptons neighbors. He also has declined to speak to the press, except to send a letter to the Southampton Press, saying he would use the property "as a private residence for the use and enjoyment of my family."

His lawyers did attend the zoning board meeting this week. One of them, Anthony Tobill, said that Mr. Rennett has been stung by criticism in the Hamptons and feels his rights are being "drowned in the noise of the crowd."

Mr. Rennett is accustomed to dealing with

criticism, both from angry citizens and from the government. Since 1995, the Environmental Protection Agency has issued 29 notices of violation against Renco companies.

As for the anger he has triggered in the Hamptons, Mr. Rennett maintains it is motivated not by his house, but by his Orthodox Jewish beliefs, according to his lawyer. "Mr. Rennett is offended by the anti-Semitism and the abuse of his rights," Mr. Tobill said. "His religious persuasion has become a subject for these people to criticize."

The charge of anti-Semitism makes those who oppose Mr. Rennett's house seethe. "Efforts have been made to intimidate public officials with threats of lawsuits and through scurrilous and unsubstantiated accusations of anti-Semitism," said Albert Bialek, chairman of the homeowners association opposing Mr. Rennett's house.

For much of the past decade, the writer and Hamptons resident Steven Gaines has been gathering material on more than a century's worth of deliciously nasty fights among well-heeled locals over real estate. The fruit of his reporting was published this year in "Philistines at the Hedgerow: Passion and Property in the Hamptons," a best-seller.

Mr. Gaines maintains that there are two elements at work in the Rennett brouhaha, which he ranks as perhaps the nastiest ever. "He is desecrating some of the most beautiful undeveloped land in the Hamptons. It is like the final blow. I used to go out to the lane where he is building and park my car and just cry. The ocean shimmering out there over the potato fields has the same visceral impact for me as the Grand Canyon," Mr. Gaines said.

The second factor fueling the upset over Mr. Rennett's house, as Mr. Gaines sees it, is "palace envy."

"You've got to understand that real estate out here means more to people than anywhere else," he said, citing the storms of envy that have been generated by mansions owned by the likes of Steven Spielberg, Alec Baldwin and Kim Basinger, Martha Stewart, Calvin Klein and the billionaire Ronald Perleman.

"You've got a lot of competitive people out here. These people are real killers at what they do. The only way to buy status in this crowd is through the size of one's house. I'm positive that some of these guys are just jealous," Mr. Gaines said.

The only power that the Hamptonsites may end up having over Mr. Rennett is that of the snub. As Edward Embury of East Hampton said during the hearing, if Mr. Rennett would voluntarily "tone down" the size of his house, "he would probably have more people to invite to dinner."

Pilots' Strike Halts Flights By Northwest No Talks Set

By Laurence Zuckerman
New York Times Service

MINNEAPOLIS — More than 6,000 pilots began a strike against Northwest Airlines over the weekend in a dispute that stems from a history of mismanagement between management and labor in the airline industry and two contradictory fears of the future.

The pilots worry that Northwest will use new, smaller jets and alliances with other airlines to phase out their high-paying jobs, while management does not want to get caught in the next industry downturn with the highest labor costs among its peers.

The strike grounded all of Northwest's 400 airplanes and those of its commuter affiliates, stranding thousands of passengers worldwide. But it is certain to hit hardest in Minneapolis and other Midwestern cities west of Chicago, where travelers depend on Northwest for 75 percent to 100 percent of their air service.

Both sides said there were no plans to resume talks.

[Northwest canceled all of its 1,700 daily flights through Tuesday. The Associated Press reported, quoting a Northwest spokesman, Jon Austin, that international flights from Europe also were canceled for Wednesday.]

[Northwest is the sixth-largest U.S. airline in terms of passengers and the fourth-largest in terms of revenue. It carries nearly 150,000 passengers a day and 29 million pounds (1.3 million kilograms) of cargo on 1,600 flights in North America, Europe, Asia and India. Cargo service was halted Thursday.]

Despite the strike, there were few immediate problems at some Midwestern airports, in part because many passengers had anticipated the walkout.

President Bill Clinton declined to intervene, urging both sides to iron out their differences. But Clinton administration officials said that if the strike extended into the Sept. 5-7 Labor Day weekend and caused widespread inconvenience he would reconsider his decision.

The pilots' walkout was surprising because in recent years both management and workers in the airline industry have come to realize how destructive strikes can be. The last major airline strike, when machinists walked out at Eastern Airlines in 1989, ultimately drove that airline out of business.

Mr. Clinton intervened last year to halt a strike by pilots at American Airlines. But industry executives say he took the same action only after it was clear that both sides were looking for a face-saving way to end the walkout.

"After two years of negotiations, Northwest management still has not accepted their responsibility to make the tough negotiating decisions and instead has chosen to focus their energy on shutting down this airline," said Steve Zoller, chairman of the Air Line Pilots Association's Master Executive Council. He spoke at a news conference in Minneapolis after the strike deadline, 12:01 A.M. Eastern daylight time, passed Saturday.

The 6,200 Northwest pilots earn an average annual salary of \$120,000, according to the union, while the company puts the number at \$133,000. They are seeking increases in pay and retirement benefits and added job security to make up for the sacrifices made in 1993 when they took pay cuts of nearly 16 percent to help save the airline from bankruptcy. In exchange, the pilots received more than 14 million shares of Northwest stock and a seat on its board of directors.

Northwest pilots have not had a raise since their wage cuts were restored, and they have been trying to negotiate a new contract since August 1996.

The company's last offer included a raise that it said would raise wages above those of pilots at American, Delta and United airlines, which are much larger. It also included profit sharing, a lump sum of \$57 million divided among the pilots, a reduction in the two-tier pay scale that keeps younger pilots working for an average 40 percent less than more senior pilots for five years, and a guarantee of no layoffs until one year after the five-year contract expires.

Toll Rises to 79 in Crash on Takeoff of Cuban Jetliner in Ecuador

Compiled by Our Staff From Ecuador

QUITO, Ecuador — The death toll from the crash of a Cuban aircraft at the Quito airport rose to 79 on Sunday as aviation experts searched for the cause of the accident.

The Cubana de Aviacion plane, a Russian-made Tupolev-154, plowed through airport fences and into a children's soccer game in a nearby field after it aborted a third attempt to take off Saturday, witnesses said. It caught fire and exploded.

The jetliner barely missed a heavily traveled avenue at the end of the airport runway in a middle-class residential neighborhood (2,800 meters) 9,200 feet

above sea level. Ten people were killed on the ground, including five children playing soccer, and 69 died in the airliner, the civil aviation department and hospital officials said.

The plane was carrying 90 people to the coastal town of Guayaquil after arriving from Havana on Saturday morning. Officials searching the wreckage for the plane's flight recorder and any additional bodies said four Cuban de Aviacion technicians had arrived to help investigate the crash.

Alvaro Martinez of Chile, who survived with minor injuries, said the engine made a loud sound before takeoff, but the pilot insisted on flying the plane.

The 14-person crew died in the crash. Two stewardesses helped passengers escape from the burning plane but were enveloped by the fire before they could escape, survivors told local newspapers.

The Cuban state news agency Prensa Latina released an official list of the casualties on the flight on Sunday. Survivors included two Chileans, an Italian and three Cubans. The rest were Ecuadorians.

The dead on the plane included 10 Cubans, an Italian, a Spaniard, a Jamaican, an Argentine and 14 members of the Cuban crew. The remaining dead passengers were Ecuadorian.

One of those killed on the ground was an Ecuadorian whose auto repair shop was destroyed by the plane. His body was found Saturday, a civil aviation department official said.

While the official death toll is still 78, a spokesman for Metropolitan Hospital in Quito said one of the injured with severe burns had died Sunday, bringing the total to 79. The number of injured stood at 25.

Dead animals, charred magazines and scorched life vests littered the crash site at the northern end of the airport, which is surrounded by crowded residential areas.

Tuan Falcon, a 75-year-old passenger who survived the crash, said he was traveling on vacation.

"When the plane was picking up speed I heard a crack, the plane put on its brakes and everything caught fire," he said. "Since the flames were on the side, I threw myself to the ground. That's what saved me," he said.

In July last year, a Cubana de Aviacion plane plunged into the sea off Cuba, killing all 44 people on board, including

six Spaniards and two Brazilians.

The Soviet-built twin-engine Antonov-24 involved in that accident suffered apparent engine failure shortly after takeoff from the eastern city of Santiago de Cuba en route to Havana.

Cubana's worst airline disaster was in September 1989 when a plane crashed near Havana after taking off for Italy. All 126 people aboard were killed.

General Osvaldo Dominguez, director of the Civil Aviation Office, said: "The only thing we have recorded at the control tower is the plane's permission to take off and then the crew's acceptance to take off. There is nothing recorded after that."

People have often complained about the noise and the possibility of accidents at the current airport.

In 1984, an Ecuadorian cargo plane slammed into a neighborhood beyond the end of the runway after failing to gain altitude, killing 65 people.

In 1996, an airliner carrying a Brazilian soccer team crashed into airport walls after the crew aborted the takeoff. One player was injured. (Reuters, AP)

Agency Accused of Laxity in Detroit Crash

By Matthew L. Wald
New York Times Service

WASHINGTON — Aviation experts often cite mechanical problems or pilot error for crashes.

Last week, the National Transportation Safety Board faulted regulatory error by the Federal Aviation Administration in a crash.

The crash involved a turboprop commuter plane on approach to Detroit in January 1997.

The safety board said the crash occurred because the aviation agency had not promulgated and enforced adequate standards for design and operation of the plane in icing conditions.

In addition, the board said, through

bureaucratic foul-up, the agency failed to carry out procedures to reduce risks that had been developed by the plane's manufacturer, Embraer.

The conclusion echoes what safety board officials have said in the last few months concerning two other crashes — TWA Flight 800, a Boeing 747 that exploded shortly after taking off from New York for Paris two years ago, and USAir Flight 427, a Boeing 737 that went out of control on approach to Pittsburgh four years ago.

In those cases, too, the safety board's experts said that the aviation agency had not done a satisfactory job in deciding when a plane was safe to fly.

Unlike a mechanical problem or a flaw in training, a structural flaw at the

aviation oversight agency would be very difficult to fix.

James Hall, chairman of the safety board, summarized the problem harshly in comments after a meeting Thursday. "It reflects an attitude," Mr. Hall said, "which is what I'm concerned about, that needs to change."

The agency's attitude, he said, was not aggressive enough on safety questions.

The agency's on-the-record responses to the criticism of the Detroit crash seem almost stoic.

It distributed a chronology of actions it had taken on icing, which was the immediate cause of the crash, but many of those were irrelevant to the Detroit crash.

TRAVEL UPDATE

U.S. East Coast Spared Damage

JACKSONVILLE, North Carolina — Life slowly returned to normal along Carolina and Virginia beaches over the weekend as a tropical storm, designated Bonnie and downgraded from hurricane, raced out to sea after doing little damage.

Another potentially dangerous hurricane, Danielle, churned over the Atlantic but looked likely to miss land. (Reuters, AP)

Earthquakes Shake Mount Etna

CATANIA, Sicily (AP) — A team of scientists was monitoring Mount Etna on Sunday for a possible eruption after a series of earthquakes rattled the volcano.

At least seven quakes were registered, starting Saturday morning. None of the quakes was sharp enough to be felt by the people who

live in small towns on the volcano's slopes, the Italian news agency ANSA reported.

Two million people are expected over three days at the annual West Indian carnival in London's Notting Hill. It began Sunday. (Reuters)

This Week's Holidays

Banking and government offices will be closed or will curtail services in the following countries and their dependencies this week because of national or religious holidays:

MONDAY: Britain, Gibraltar, Kyrgyzstan, Malaysia, Moldova.

TUESDAY: Libya, Mexico, Slovakia, Uzbekistan.

WEDNESDAY: Vietnam.

THURSDAY: Qatar, San Marino.

FRIDAY: Bahrain, Israel, Saudi Arabia.

Sources: J.P. Morgan, Bloomberg, Reuters.

WEATHER

Forecast for Tuesday through Thursday, as provided by AccuWeather.

Europe

City	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Algeria	20/24	20	14	21/25	21	15	22/26	22	16
Amsterdam	18/24	18	10	19/25	19	11	20/26	20	12
Athens	20/28	20	16	21/29	21	17	22/30	22	18
Berlin	17/23	17	9	18/24	18	10	19/25	19	11
Bombay	27/33	27	23	28/34	28	24	29/35	29	25
Buenos Aires	17/23	17	9	18/24	18	10	19/25	19	11
Calcutta	27/33	27	23	28/34	28	24	29/35	29	25
Chennai	27/33	27	23	28/34	28	24	29/35	29	25
Colombo	27/33	27	23	28/34	28	24	29/35	29	25
Dhaka	27/33	27	23	28/34	28	24	29/35	29	25
Hong Kong	27/33	27	23	28/34	28	24	29/35	29	25
Kuala Lumpur	27/33	27	23	28/34	28	24	29/35	29	25
London	17/23	17	9	18/24	18	10	19/25	19	11
Madras	27/33	27	23	28/34	28	24	29/35	29	25
Manila	27/33	27	23	28/34	28	24	29/35	29	25
Mumbai	27/33	27	23	28/34	28	24	29/35	29	25
Paris	17/23	17	9	18/24	18	10	19/25	19	11
Rangoon	27/33	27	23	28/34	28	24	29/35	29	25
Seoul	17/23	17	9	18/24	18	10	19/25	19	11
Singapore	27/33	27	23	28/34	28	24	29/35	29	25
Taipei	27/33	27	23	28/34	28	24	29/35	29	25
Tokyo	17/23	17	9	18/24	18	10	19/25	19	11
Yokohama	17/23	17	9	18/24	18	10	19/25	19	11

North America

City	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Anchorage	15/21	15	11	16/22	16	12	17/23	17	13
Atlanta	20/26	20	16	21/27	21	17	22/28	22	18
Boston	17/23	17	9	18/24	18	10	19/25	19	11
Chicago	17/23	17	9	18/24	18	10	19/25	19	11
Denver	17/23	17	9	18/24	18	10	19/25	19	11
Houston	20/26	20	16	21/27	21	17	22/28	22	18
Los Angeles	20/26	20	16	21/27	21	17	22/28	22	18
Manila	27/33	27	23	28/34	28	24	29/35	29	25
Memphis	17/23	17	9	18/24	18	10	19/25	19	11
Minneapolis	17/23	17	9	18/24	18	10	19/25	19	11
Moscow	17/23	17	9	18/24	18	10	19/25	19	11
New York	17/23	17	9	18/24	18	10	19/25	19	11
San Francisco	17/23	17	9	18/24	18	10	19/25	19	11
Seattle	17/23	17	9	18/24	18	10	19/25	19	11
Shanghai	27/33	27	23	28/34	28	24	29/35	29	25
Singapore	27/33	27	23	28/34	28	24	29/35	29	25
Tokyo	17/23	17	9	18/24	18	10	19/25	19	11
Yokohama	17/23	17	9	18/24	18	10	19/25	19	11

Legend: c=clear, p=partly cloudy, o=cloudy, sh=showers, th=thunderstorms, f=rain, of=overcast, s=snow, ss=snow showers, w=wind, wv=windy.

Asia

	Today			Tomorrow		
	High	Low	CF	High	Low	CF
Algeria	24/30	18/24	0	25/31	17/22	0
Amsterdam	18/24	10/16	0	19/25	11/17	0
Athens	20/28	16/22	0	21/29	17/23	0
Bangkok	26/32	19/25	0	24/30	21/25	0
Bombay	26/32	19/25	1	26/32	19/25	0
Buenos Aires	20/27	14/18	1	20/26	13/19	0
Calcutta	23/31	16/21	0	23/31	16/21	0
Canton	26/32	19/25	0	26/32	19/25	0
Colombo	26/32	19/25	0	27/33	20/26	0
Copenhagen	26/32	19/25	0	27/33	20/26	0
Hong Kong	26/32	19/25	0	26/32	19/25	0
Hong Kong	26/32	19/25	0	26/32	19/25	0
London	17/23	10/16	0	18/24	10/16	0
Lyons	18/24	10/16	0	19/25	11/17	0
Moscow	23/31	16/21	0	23/31	16/21	0
Nairobi	26/32	19/25	0	26/32	19/25	0
Paris	18/24	10/16	0	19/25	11/17	0
Rangoon	26/32	19/25	0	26/32	19/25	0
Rangoon	26/32	19/25	0	26/32	19/25	0
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Rangoon						

ASIA/PACIFIC

Pakistan, Near Bankruptcy, Looks Ripe for Another Takeover

By Barry Bearak
New York Times Service

ISLAMABAD — One might have expected that people here would be preoccupied by the U.S. missile attack in neighboring Afghanistan. After all, dozens of Pakistanis were among those killed in the attack, which the United States justified by saying that the target was a terrorist training camp.

But the Pakistani public was not preoccupied with the attack. People here have far more immediate concerns.

The world's newest nuclear power has one of the world's worst credit ratings. With default looming on its \$30

billion in foreign debt, Pakistan's economy is quickly falling apart.

Many people here, whether pundits or politicians or shopkeepers, say they believe that the government itself may unravel next.

With confidence in Prime Minister Nawaz Sharif apparently in a free fall, it is common to hear predictions that something dramatic is about to occur, though people are at a loss to suggest what that might be. They refer to what has happened elsewhere: an upheaval in Indonesia; the emergence of theocratic states in Iran and Afghanistan. They mention a familiar staple of Pakistan's past: the military takeover.

"If this is an economic meltdown, as many say, Pakistanis who have stashed money overseas, or who have relatives living overseas, are likely to leave," said Abida Hussain, a former ambassador to the United States and now a member of Mr. Sharif's cabinet. "The institutional framework of government, already so stressed, might come under unbearable pressure. Radical religious elements would try to profit from this. At the same time, people ask if the military would take over. I'll quote the answer given me by a young officer who is my friend. I asked him, 'Do you guys have the guts to impose military rule?' And he said: 'Of course we do. But what

would we get out of it but a lot of criticism? The military's choices are no less grim than the government's."

As usual, those with the grimmest choices are the nation's poor.

Abdul Khalid, 35, is a barber in the working-class city of Rawalpindi, near Islamabad, Pakistan's ornate capital.

"The feudal landlords and politicians have looted our country until there is nothing more to loot, and they leave us with nothing but our poverty," he said.

While foreign news programs repeatedly showed Pakistanis demonstrating against the U.S. missile attack,

such rallies have been few and quite small. Even now, many people in Rawalpindi have never heard of Osama bin Laden, the Saudi-born millionaire whom the United States accuses of organizing the bombings of the U.S. embassies in Kenya and Tanzania.

Certainly, the vast majority here had no idea who he was before the week before last.

The man most people speak of is Mr. Sharif, who was elected by a huge margin in February last year but has recently found his popularity plunging. Voters, a discouraged lot, had at the very least presumed him to be less dishonest than his predecessor, Benazir Bhutto, who faces corruption charges in Pakistan and in Switzerland. Many also supposed that a millionaire industrialist might know something about running a government.

But these days even a supporter like Ms. Hussain, the former ambassador who is in his cabinet, is sparse in her praise.

"This government is probably cleaner than any in the past," she said. "But the cleanliness is at the top. Lower down, it's business as usual."

In its 51-year history, Pakistan has been a democracy only sporadically, with elected governments trading turns with military dictatorships. Corruption seems an unbreakable habit. Politicians gorge at the public trough. Landowners and industrialists refuse to repay mammoth loans from national banks. Less than 1 percent of the population pays income tax. Almost 70 percent of the budget goes toward interest on debt or for the military.

These conditions have created a shaky economic superstructure. Nevertheless, Pakistan has usually managed to muddle through by begging and borrowing and forever promising to clean up its act.

Mr. Sharif has made such promises. Even his critics say he has made some progress, but his efforts at reform strike most as timid.

With his support withering and the economy already damaged by the Asia-wide economic troubles, Mr. Sharif enjoyed a spurt in popularity after May 28, when he spurned American offers of financial aid and ordered nuclear tests, matching earlier tests by Pakistan's enemy, India.

The United States imposed economic sanctions on both nations, and the International Monetary Fund suspended disbursements. These penalties have been harder on Pakistan than on India.

Mr. Sharif implored his countrymen to economize, to drink two cups of tea a day instead of three, to cook with one spoonful of oil instead of two. He announced plans to raise revenue, including the recovery of those billions in loans owed by the country's elite.

But efforts to collect have failed. This has irritated the public, because among the well-heeled deadbeats was the prime minister. He has refused to repay his loans with cash, instead turning over assets that critics say he has overvalued. (Calls for a comment from Mr. Sharif's information minister were not returned.)

In what some here see as cynical politics, Mr. Sharif has begun to portray himself as newly devout. Friday, in a speech before Parliament, he said the cure for the nation's social ills was a constitutional amendment to make its laws more closely reflect Islamic teachings.

The armed forces are a deciding factor, and I don't think they would welcome an Islamic resurgence," said Aziz Siddique of the Human Rights Commission of Pakistan, a private group in Lahore. "I wouldn't rule out a military takeover. What has prevented it so far is that now they have the opportunity to influence decisions without taking responsibility for them. It is not so appealing to take responsibility these days in Pakistan."

Thousands Demonstrate Against Cambodia Leader

Compiled by Our Staff From Dispatches

PHNOM PENH — The opposition escalated its campaign against Prime Minister Hun Sen's declared victory in elections last month with a huge demonstration Sunday.

The government said it would not break up a weeklong sit-in but added that it was preparing legal action against a key opposition figure, Sam Rainsy.

Mr. Sam Rainsy has been accusing Prime Minister Hun Sen and the ruling party of vote fraud.

As many as 15,000 people demonstrated here Sunday. Factory workers and students marched from the main sports stadium in the west of the city to a park near the National Assembly, where the sit-in by thousands of people has been under way since last Monday.

Observers said the demonstration was the largest in Cambodia for decades.

The government had declared the march illegal.

It proved to be peaceful. The only threatening moment came when a statue of Vietnamese soldiers was smashed and burned after the march concluded. Vietnam occupied the country from 1979 to 1989.

Mr. Sam Rainsy has repeatedly denounced Mr. Hun Sen and his Cambodian People's Party as puppets of Vietnam, which is Cambodia's historic enemy. He has also alleged that Vietnamese immigrants voted illegally for the Cambodian People's Party in the election.

The marchers and the thousands who have maintained a round-the-clock vigil for a week in the park objected to Mr. Hun Sen's declaration of victory in the elections a month ago.

For the first time, the principal opposition leaders, Prince Norodom Ranariddh and Mr. Sam Rainsy, spelled out their conditions for ending the sit-in.

They want the formula used in allocating National Assembly seats changed so that Mr. Hun Sen, whose party won only 41 percent of the popular vote, does not get the parliamentary majority he now claims.

They also want an accounting for all unused ballots, random recounts of opposition-specified districts and rebalancing in some areas.

"If these demands are met, then we believe the people will end their protest, and we will encourage them to do it," the opposition leaders said in a statement.



Anti-government demonstrators in Phnom Penh on Sunday torching a monument to the Vietnamese intervention in the country in 1979.

"If they are not met," it added, "then this cannot be a legal election."

Mr. Hun Sen's party is expected to have just over half the seats in the assembly.

International observers have said the vote was sufficiently free and fair to reflect the will of the people.

Prince Norodom Ranariddh, whose party came in second, and Mr. Sam Rainsy, whose party came in third, have rejected an offer from Mr. Hun Sen to

enter into a coalition with his party.

Khieu Sopheap, a spokesman for the Interior Ministry, said the government had filed a charge against Mr. Sam Rainsy related to testimony he gave after a grenade attack on an anti-government rally that he was leading in March 1997. At least 16 people were killed in the attack.

Mr. Khieu Sopheap said Mr. Sam Rainsy had falsely blamed the government for the attack. (Reuters, AP)

Habibie Asserts Ethnicity Wasn't Factor in Riots

Reuters

HONG KONG — President B.J. Habibie of Indonesia contends that the riots there in mid-May were not ethnically motivated, a Hong Kong newspaper reported Sunday.

"It is not based on ethnic values but based on injustice and frustration over the social gap," he told the Sunday Morning Post. "This could happen in Hong Kong or Beijing. It is not ethnic outrage."

Human rights groups have said that almost 1,200 people were killed and that at least 150 women and girls, most of whom were of Chinese descent, were raped in riots in Indonesia in May. Chinese businesses also suffered disproportionately in the unrest.

The riots took place against a background of increasing economic and social hardship and contributed to forcing President Suharto to step down.

Reports of the killings and rapes surfaced in June by word of mouth and over the Internet, infuriating Chinese worldwide and bringing thousands of people onto the streets in China, Hong Kong, Taiwan and the United States to demand that the perpetrators be punished.

Mr. Habibie said the calls for prosecution should be tempered with reality. Asked whether he believed the allegations, Mr. Habibie said: "As a president and even as an intellectual, and based on my education as a scientist, I have to be objective about the matter."

Rioting on Outer Islands

Troops remained on alert Sunday after several days of mass looting and burning of fishing trawlers in the Indonesian towns of Situbondo in East Java and Cilacap in West Java, Agence France-Press reported from Jakarta.

"Everything is back to normal and has calmed down," said Arjono, a police officer, speaking after hundreds of looters had attacked rice mills and food warehouses in Situbondo for three days.

Conservatives in Australia Call Early Elections

Compiled by Our Staff From Dispatches

CANBERRA — Confident of his success in maintaining Australia's relative prosperity amid the economic crisis in Asia, Prime Minister John Howard on Sunday called an early national election for Oct. 3.

Mr. Howard's conservative Liberal-National coalition, slightly behind the opposition Labour Party in the polls, is seeking a mandate for further economic reform, especially an overhaul of the complicated tax system.

But the wild card in the five-week campaign will be the leader of the anti-immigrant One Nation Party, Pauline

Hanson, who has taken mainstream support from Mr. Howard and fueled racial tensions with her populist policies.

Mr. Howard wants to introduce a 10 percent tax on goods and services, but his government would sweeten that proposal by cutting personal income taxes and many sales taxes.

The Labour Party, led by Kim Beazley, has proposed more limited tax reforms and offered tax cuts aimed mainly at its traditional working-class constituency.

Labour has been ahead in opinion polls for most of the year. But Mr. Howard's government has gained ground since it

released its plan this month to overhaul the nation's tax system.

Under the constitution, Mr. Howard's government, elected in 1996, had until next May to call an election.

An October election would be the first federal test for Mr. Hanson's rightist party, which made major inroads in the Queensland state election in June.

The One Nation Party has a chance of winning enough Senate seats to hold the balance of power there, where it could block legislation it opposes, such as gun control, welfare for Aborigines or loosening restrictions on immigration by Asians. (AP, Reuters)

LEADERS: Weakness at the Top Hurts the Search for Solutions

Continued from Page 1

without widespread doubts that the missiles were not at least in part an attempt to change the subject.

In Moscow, the uncertainty is not whether Mr. Yeltsin will run again in 2000 (he said last week he would not), but whether he can even finish his present term. In Germany, which has much at risk in Russia's moribund economy, Helmut Kohl may be uneased in elections next month after 16 years as chancellor of Europe's powerhouse.

Prime Minister Keizo Obuchi of Japan is limping along in his first weeks in office, looking a bit dazed and struggling to show some national leadership for the first time in his 35 years in Parliament.

Even in China, President Jiang Zemin has been humbled by severe floods and by an economy that has been slowing ineffectually.

"Domestic, social and economic forces are overwhelming political leaders everywhere," said Michel Oksenberg, a professor of international relations at Stanford University. Mr. Oksenberg argues that the challenges to international order can be addressed only at the political level and that there is no correcting mechanism that will ensure that everything works out well in the end.

"I don't think the world is on autopilot," he said. "If so, I'd hate to say the world is headed."

The political scientist Francis Fukuyama published a famous essay in 1989 arguing that the collapse of communism marked "the end of history." The great debates that had animated history, he suggested in that essay and in a subsequent book, had been resolved. But now he has fresh doubts.

"The past few months have been really the first time since the beginning of the decade that I felt that I could really

be proven wrong in the argument that I laid out in 'The End of History,'" Mr. Fukuyama mused in a telephone interview.

"There are two things on the horizon that I think are really quite scary: that the Asian crisis could broaden into a global depression, in which case all bets are off about everything; and essentially, that Russia could fall in its attempt to Westernize and go backward seriously. Both of those may really develop."

A third and related challenge, one that many experts cite as requiring concentrated efforts by the world's leaders, is the threat of proliferation of nuclear arms and other weapons of mass destruction.

Some analysts suggest that India may have been successful in surprising the world with its nuclear tests this spring in part because officials were not paying enough attention. And experts also worry about Pakistan as it joins Russia on the list of nuclear powers with disintegrating economies.

What should the world's leaders be doing about these challenges? The answers vary, although everyone agrees that the first priority for people like Mr. Yeltsin and Mr. Obuchi is to stop the self-inflicted injuries that are threatening international stability. Mr. Yeltsin's withdrawal from day-to-day decision-making and his firing of his prime minister and economic team have worsened the collapse of the ruble, and Mr. Obuchi is so weak that six bills vital to Japan's economic restructuring program are stuck in Parliament, aggravating the Asian crisis.

As for the United States, its economy is the envy of the world, but Mr. Clinton has been unable to wrest money from Congress to replenish the International Monetary Fund.

There remains a vigorous debate within America about whether the IMF has done more harm than good, but many foreign officials say that Mr. Clinton's

Burmese Dissident Planning on Forum

RANGOON — The Burmese opposition leader, Daw Aung San Suu Kyi, told supporters over the weekend that she intended to convene a "People's Parliament" in September, sources in her party said Sunday.

Plans announced this month by her National League for Democracy to convene a parliament have put the opposition on a collision course with the ruling military State Peace and Development Council.

"In her informal meeting with about 500 NLD members who came to ask after her health on Saturday afternoon, Daw Aung San Suu Kyi said the NLD would go ahead with its plan for a People's Parliament in September, but she did not mention an exact date," a party source said Sunday (Reuters).

Price Gouging Hits China After Floods

BEIJING — China is fighting "speculative" price rises as the worst floods in nearly half a century affected everything from grain to cement to household appliances, state media said Sunday.

Authorities have slapped price controls on many goods after severe flooding doubled prices for grains and vegetables in many areas, the China Daily Business Weekly said.

In the Yangtze River metropolis of Wuhan, the local government enacted a regulation last week empowering the city to set price ceilings, the newspaper said. Prices would be capped at their levels of June 10, just before the flooding began, it said. (Reuters)

Beijing Opponent Freed After 7 Weeks

BEIJING — A former Tiananmen Square student leader who recently tried to form an opposition party was released Sunday after more than seven weeks in detention.

The police allowed Wang Youcai to return home but said he could not leave his home without their permission, the Information Center of Human Rights and Democratic Movement in China said.

Mr. Wang and two other activists announced the formation of the China Democracy Party on June 25, the day President Bill Clinton arrived on a visit.

In mid-July, a week after Mr. Clinton's departure, Chinese police detained Mr. Wang and 11 others. (AP)

Minister Rules Out Militancy

A close aide of Prime Minister Sharif has ruled out Pakistan's adopting a militant Islamic system and said the Islamic legal system that the government sought to enforce was a vehicle to establish an Islamic welfare state, Reuters reported from Islamabad.

"This is not Taliban Islam in Pakistan," Information Minister Mushaid Hussain said, referring to the Islamic movement in neighboring Afghanistan.

Mr. Hussain said the bill was designed to solve the problems of ordinary people, "which we want to tackle through speedy and inexpensive justice, through elimination of corruption and, basically, to provide better governance."

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EUROPE

Clinton Will Find Russians' Faith in Reforms Shaken by Ruble Crisis

By David Hoffman
Washington Post Service

MOSCOW—On the eve of President Bill Clinton's summit talks here with President Boris Yeltsin, Russia's economic unraveling has profoundly shaken the confidence of Russians in the goals of a free-market economy and democracy that the West championed.

The sudden implosion of the ruble, a power grab by tycoons, and the return of skyrocketing prices and currency black markets—as well as the faint rhetoric of an ailing leader—have taken their toll on the ideals of "reform" and "democracy," as shown in conversations with professionals, politicians, academics and businessmen.

Perhaps more than at any time in Russia's quest over the last six and a half years to remake itself after the collapse of Soviet rule, the concepts of liberal

market reform and democracy are in retreat.

It is not that the Russians have given up on the West. Mostly, they still long to be part of it, and they have had more exposure to Western influences than at any time in their history. But they have grown disillusioned with the kind of free-market democracy that unfolded under Mr. Yeltsin, who is seen more as a symbol of stagnation and frustration than as a beacon of change and progress.

The disenchantment has long been building, from Mr. Yeltsin's violent confrontation in 1993 with Parliament to the agonizing war in Chechnya.

But the devaluation of the ruble nearly two weeks ago and the chaos that followed have provoked an outpouring of bitterness among those who supported

Russia's transformation into a market economy and liberal democracy.

"What kind of Russia do we have?" asked Alexei Pushkov, a television commentator. "One where the attempts to build a liberal market economy have come to a complete crash. All the people behind it are marginalized, and I don't think they have a lot of chances to survive."

"It's a country where this type of Western liberalism has degenerated into an oligarchic type of regime, and big money—not free markets and democratic institutions, mainly big money—is defining the policy moves."

The changed Russian mood may present a serious challenge to Mr. Clinton when he visits Moscow for the first time in more than two years. In the past, Mr. Clinton saw Mr. Yeltsin as the focal point of change.

But now that argument will not work,

many Russians say. Mr. Yeltsin has all but lost control of the political process and there are enormous pent-up pressures for a shift in economic policy, which may prove to be anathema to the West.

"This summit is different from any Soviet-American or Russian-American summit," said Sergei Rogov, director of the Institute for the Study of the United States and Canada.

"The real agenda is not the strategic issues and arms control and regional conflicts and regulation of the geo-strategic competition. The real agenda? It's the economy, stupid! The Russian economy is collapsing."

Alexei Arbatov, a member of Parliament from the centrist Yabloko faction, said Mr. Yeltsin could be expected to tell Mr. Clinton that Russia would "continue on the path of reforms" and that Mr. Clinton could be expected to

reply that the United States would "support Russia in whatever is needed to continue on the path of reforms."

In fact, Russia has long zigzagged between reform and reaction. But the latest phase of reform seems to have ended Aug. 17, when the government devalued the ruble, defaulted on its domestic bonds and froze banks' debts to Western creditors.

The ruble went into a tailspin. The Russian stock market now is lower than it was on the day it opened three years ago.

Russian international credit ratings are at rock bottom. Banks are paralyzed. Russians are again hoarding dollars, and whatever confidence they were beginning to show in commercial bank deposits has been shattered.

Mr. Yeltsin's major accomplishment in recent years was to stabilize the ruble exchange rate and tame inflation. But the

cost was enormous in economic pain inflicted on the country, including the fact that many workers were not being paid and that a crude barter system emerged.

Now, in reaction, there are mounting demands, across the political spectrum, for the Central Bank of Russia to start printing money, even though it would probably unleash new inflation and evoke Western disapproval.

Yeltsin will have to abandon this model of low inflation, balanced budget, macro-stabilization to go for a large-scale emission," Mr. Arbatov said.

"There is no other way, and the only argument now is about the mechanism of this. And that will effectively end the economic aid of the West."

"Now we are in a period when we have to take emergency measures. We do not have a luxury to be concerned about markets anymore. We have to save the country and the economy from total collapse and chaos."

Mr. Arbatov said he was hoping for an approach "that would eventually let us in a few years start once again another attempt to build a market economy and preserve democracy."

Russia is unlikely to return to the Soviet era of central planning and fixed prices. Too many people, especially young adults, have been exposed to the market economy, and many of those in Moscow, a citadel of relative prosperity, have tasted its fruits.

But it is clear Russian economic policy is headed toward a period of increased state control. Among other emergency economic measures now being discussed is stopping privatization of state-owned companies, especially those in the oil and gas industry. This would mean scrapping plans to sell off Rosneft, a state-owned oil company, and part of the natural gas monopoly Gazprom.

Some other industries deemed "strategic" to Russia, such as metals and former military plants, could be re-nationalized.

Another sign of change is that the public figures so often associated with Mr. Yeltsin's reforms—and vilified because of them—departed from the government when Mr. Yeltsin fired Prime Minister Sergei Kiriyenko.

A banker and oilman, Mr. Kiriyenko was a product of the Gorbachev and Yeltsin market liberalizations. He was close to policymakers associated with Yegor Gaidar, Mr. Yeltsin's first prime minister and a champion of free-market liberalism, including the highly controversial Anatoli Chubais, the architect of Russian privatization.

Now Mr. Chubais, Mr. Kiriyenko and Boris Nemtsov, who was first deputy prime minister, all have left the government, although Mr. Chubais remains head of the electricity monopoly.

Perhaps the harshest criticism of the Yeltsin economic policy is that it fell short of a truly competitive, liberal economy with a rule of law and turned into a playground for wealthy barons who gobbled up valuable resources from the state.

Mr. Rogov, of the U.S.-Canada research institute, said that "reform" was not really attempted, just "virtual reform," and the outcome had "some elements of capitalism, some elements of Soviet-style socialism and plenty of elements of pre-capitalism, like barter."

Mr. Rogov said the United States bore some responsibility for Russia's plight. "For seven years, the United States has been playing the role of mentor, of teacher, for Russia," he said. "So the present crisis is not only the collapse of virtual reform in Russia but also the collapse of American policy."

Russia's fragile democracy also is under enormous stress. There have been successful elections at the national and local levels, but the more difficult task of building a civil society—connecting the rulers with the ruled through such institutions as a free press, the church and associations—has stalled.

"The role of civil society has not even developed," said Mr. Pushkov, the TV commentator. "All the democratic procedures—no one even uses them. All is decided at the top. Take all those rumors about Yeltsin stepping down. He is not doing it because of people on the street, but because the oligarchs say so."

Mr. Rogov said the rollback of civil society "was the greatest Russian failure" of recent years.

"It was growing seven years ago, it was quite vibrant seven years ago, it stopped the coup seven years ago," he recalled.

"Today, it is dead."

Mr. Clinton has staked his approach to Russia on his personal relationship with Mr. Yeltsin, but that may prove to be as devalued as the ruble.

Unlucky Timing Clouds The U.S.-Russia Summit

By John M. Broder
New York Times Service

WASHINGTON—President Bill Clinton leaves for Moscow on Monday hoping to repair his scandal-stained image while offering comfort—but no aid—for the wounded president of Russia, Boris Yeltsin.

Not since 1974 has a U.S. president gone to Moscow in such a weak domestic position. President Richard Nixon met with Leonid Brezhnev in late June of that year as the final chapters of the Watergate scandal were unfolding.

The summit meeting gave a fleeting impression of an active president engaged in the international arena, but nothing of substance was accomplished. Five weeks after returning to Washington, Mr. Nixon resigned in disgrace.

With Mr. Clinton beset by the Monica Lewinsky matter and a sickly Mr. Yeltsin struggling to manage a country in political and financial chaos, few expect substantial progress to be made on any items on the meeting agenda: arms control, terrorism, regional conflicts and the global economy. The meeting may, however, give each leader a 48-hour respite from their howling constituencies.

Despite the bad timing and poor prospects of the Moscow meeting, administration officials insist that it is America's interest that Mr. Clinton proceed. Administration officials discussed postponing or canceling the summit meeting before unanimously agreeing Friday that it should go forward.

Mr. Clinton said that he owed it to his beleaguered counterpart to lead mutual support in "this dark night."

"Anybody can come see you when you're doing well," the president said. Sandy Berger, the president's national security adviser, said, "It is important that he go on this trip despite the situation—or, perhaps, even more, because of the situation in Russia."

He said that the president would convey to Mr. Yeltsin the importance that the United States puts on the relationship with Russia and give assurance that

"particularly in times of difficulty, the United States and the West will not turn away from cooperation."

And he said that critical work remains to be done on assuring the safety of Russia's nuclear arsenal, on controlling the spread of weapons, on Kosovo and Iraq. The leaders are expected to announce agreements on reducing Russia's stockpile of bomb-grade plutonium and sharing early-warning data on missile launches from third countries, particularly in the arc of instability from Iran through South Asia to North Korea.

"America has a strong interest in preventing Russia from backsliding and in promoting its stability and success," Mr. Berger said.

U.S. officials said there was no substitute for visiting Moscow and sitting across the table from Mr. Yeltsin to judge his political and physical health. Mr. Clinton and Mr. Yeltsin held their last formal summit meeting in March 1997, in Helsinki, although they have met briefly and privately twice since then during larger gatherings of the top industrialized nations.

Mr. Clinton carries two messages to Moscow, neither of which is likely to be warmly received by all audiences. One is that while the United States is sympathetic to Russia's current economic plight, it has little to offer unless the yet-unformed government of Acting Prime Minister Viktor Chernomyrdin adopts painful short-term measures to raise taxes, battle corruption and control inflation.

"If these steps are not taken, it will be crucial in determining their economic prospects in what is not an easy global economic environment," said Deputy Treasury Secretary Lawrence Summers. But he said, "Russia's economic future will be shaped in Russia by Russian policy choices going forward."

The other is that while the West has to do business with Mr. Yeltsin as the elected president of Russia, Mr. Clinton and other world leaders are looking beyond him to a new generation of reform-minded leaders willing to make a de-



Two women arguing as a third holds up a portrait of Boris Yeltsin on Sunday in Moscow during a demonstration in support of the president.

cisive break with Russia's Communist past. The centerpiece of the trip, from the U.S. standpoint, is a speech Mr. Clinton is to give to students and young community and business leaders Tuesday afternoon at the Moscow Institute of International Relations.

It is an open question whether those leaders have any hope of achieving real power under Mr. Yeltsin and Mr. Chernomyrdin, who have given mixed signals about their willingness to accept Western-dictated economic measures or to work with those who advocate them.

Mr. Clinton's advisers say they believe that canceling the summit meeting would do more harm than good, delivering a devastating vote of no con-

fidence in Mr. Yeltsin and Mr. Chernomyrdin just as they are trying to cobble together a government.

But many maintain that the timing is atrocious because critical government posts are empty and there is no set of policies to discuss.

"Nobody is overjoyed at the timing," said a senior administration policymaker. "There is no plan and there are no people. We're reduced on the policy side here to having hypothetical discussions on what one might do if there were a certain type of government."

"But if there's a silver lining, it's that you don't have to answer all the hard questions because virtually every hard question is premature."

RUSSIA: Political Struggle Erupts in Moscow After Near Accord

Continued from Page 1

that would enable the executive branch to conduct foreign policy and prevent disorder at home.

Within a month, the Parliament would draft amendments to the constitution to redistribute power from the executive to legislative branch.

But exactly how this would be done remained unclear.

Mr. Yeltsin said in an interview Friday that was televised Sunday night that the process of amending the constitution could take a year—an eternity in a nation in which governments can be dissolved at the drop of a hat.

A new commission would be set up to monitor the media, which the Communists complain are tilted against them. Sensing that he had finally emerged as a consensus candidate, Mr. Chernomyrdin made an appeal for national unity.

"The ruble is hanging on a thin thread," he said. "Time must not be lost. The country cannot function without a government."

Mr. Chernomyrdin's words did not hide the fact that he had not presented

anything remotely like a plan to extract the nation from one of its worst financial crises since the collapse of the Soviet Union in December 1991.

A poll of 25,000 Russians conducted by NTV indicated that 90 percent of them did not believe the once and, perhaps, future prime minister would be able to end the economic crisis.

At least, however, Mr. Chernomyrdin was striking the theme of national harmony. But then the roof fell in. In the better-sketched world of Russian politics, it was possible that much of this was posturing and that with a few tweaks and symbolic concessions the delicately balanced compromise could be put back together again.

The leaders of the Parliament's other leftist parties—the Agrarians and People's Power—said they were stunned by Mr. Zynganov's decision to turn against the agreement.

Nikolai Ryzhkov, head of People's Power, said Mr. Zynganov's move was "not only unexpected but also not understandable."

It was also possible that the politicians would put partisan interests ahead of the nation's mounting economic troubles,

and that the political system would suffer a kind of nervous breakdown.

■ Yeltsin Mental Health Defended

Reports that President Boris Yeltsin suffers from periods of dementia are false, the outgoing chief U.S. delegate to the United Nations said Sunday. Agence France-Presse reported from New York.

"We saw him on television," Bill Richardson told CNN.

"He looked engaged, recently with Deputy Secretary Talbot," he added, referring to the No. 2 at the State Department, Strobe Talbot.

"He's had some health problems, but this guy always rallies. He is a fighter."

Mr. Richardson was reacting to comments by Brent Scowcroft, national security adviser under President George Bush, carried in the Sunday issue of The New York Times.

"Yeltsin quite clearly has periods of dementia," The Times quoted Mr. Scowcroft.

"I don't know how frequently or how long they last. But it's not clear how much Yeltsin is in charge of Yeltsin."

Kosovars Dispute Claims of Atrocities

PRISTINA, Yugoslavia — A pro-Albanian human rights group disputed on Sunday allegations that ethnic Albanian guerrillas had killed 22 Serbs in Kosovo.

The Board for Protection of Human Rights and Freedoms, based in the capital of Kosovo, Pristina, demanded an independent investigation to determine if recently found human remains were those of Kosovo Serbs. The Serbian police said Saturday they had found a crematory in Kosovo where, they alleged, ethnic Albanians had burned the bodies of 22 Serbian civilians. (AP)

Russian Radar Unit To Leave Latvia

SKRUNDA, Latvia — The last Russian military installation in the Baltics will end operations Monday when the Skrunda radar station stops scanning the western skies. Decommissioning the base marks the end of a resented military presence of more than a half-century.

Following the collapse of the Soviet Union in 1991, the Kremlin pulled almost all of its soldiers out of the Baltics. (AP)

Havel Endorses Plan by U.S. Radio

PRAGUE — President Vaclav Havel has endorsed plans by Radio Free Europe/Radio Liberty to broadcast to Iran and Iraq from Czech territory. He said Saturday that the station could "decide in which languages it would broadcast."

The Czech government agreed Wednesday to allow the U.S.-sponsored broadcasts to Iran, but not Iraq, as originally planned. (AP)

Albania Broadens Crackdown on Suspected Terror Networks

By R. Jeffrey Smith
Washington Post Service

TIRANA, Albania — Albania has begun a broad crackdown on Arab and Islamic groups at the urging of American, Italian and German intelligence officials who helped uncover a series of terrorist networks here, including one associated with the Saudi expatriate Osama bin Laden and another organized by radical Algerians, officials here say.

The effort amounts to a substantial expansion of an intelligence investigation earlier this summer that led to arrests by the CIA and Albanian authorities here in June and mid-July of at least three Islamic militants who allegedly are associated with Mr. bin Laden. Some Albanian and U.S. officials now say they believe that those arrests very likely influenced the timing of the Aug. 7 bombings of U.S. embassies in Tanzania and Kenya, which Washington has attributed to Mr. bin Laden's organization.

The Albanian investigation is still in an early stage and no clear picture has emerged of the extent of infiltration by terrorist groups, officials here say. But several days they

already had confirmed that the groups not only were using Albania as a haven from foreign law enforcement agencies but also were organizing support networks here to help terrorists use Albania as a gateway between the Middle East and other countries in Europe or elsewhere.

"Islamic terrorists had been hiding in this country," said the Albanian prime minister, Fatos Nano. He added that some of the militants "were thinking of organizing a bomb attack against the American Embassy or against" the U.S. aid community. He said that "due to aggressive action by this government, we blocked many things" and extradited some of the alleged terrorists to Egypt.

Among those extradited were members of a radical wing of Islamic Jihad, a group affiliated with Mr. bin Laden that Egyptian authorities have blamed for an attempted assassination of Egypt's prime minister in 1993, and at least one member of a sister terrorist organization in Egypt, the Islamic Group, which has claimed responsibility for an attack that killed 58 tourists in Luxor last November.

But others who were hiding here—in-

cluding alleged members of an Algerian terrorist group known as the Islamic Salvation Army—got word of the crackdown and were able to flee the country before they could be arrested, senior officials here say. They also say that the government has not arrested anyone connected with two terrorist threats made against U.S. interests and citizens in Albania on Aug. 13 and Aug. 19.

"We feel the same level of threat," confirmed an official at the U.S. Embassy, speaking from behind barricades at a residential compound for Americans that is being guarded by a special contingent of 150 Marines and Navy SEALs in addition to Albanian Army special forces.

Officials here say that Albania was picked as a haven by Islamic extremists because its impoverished economy, coupled with a period of extraordinary social chaos last year, left its immigration and law-enforcement controls and its judicial system in tatters.

A senior U.S. official, speaking on condition he not be named, also blamed the former government headed by President Sali Berisha for not monitoring and policing Islamic militants. "Their presence was al-

lowed, tolerated and accepted by Berisha," the official said. Mr. Berisha was elected in 1992 and ousted by a Socialist-led coalition government in the wake of social tumult last year.

But even under the new government, "it is a fact that control of foreigners in Albania is almost nonexistent," said Fatos Klosi, director of Albania's secret police agency. He said that officials had discovered that the number of Islamic groups present here rose substantially after the chaos last year, and that some of their members "facilitated people coming from the Middle East" who went on to plan or commit terrorist acts elsewhere.

Some of the terrorists used Islamic charitable foundations in Albania "to cover their secret activities," said Foreign Minister Paskal Milo, adding that they also used the foundations to hide their "links with other Islamic organizations outside Albania."

He added: "Albania has been a roof for them to stay under" and a place where they could obtain or fabricate visas and passports needed to travel between the Middle East and Europe. Since the crackdown began, officials report, many charities have scaled back their work.

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INTERNATIONAL

Forces Backing Congo's President Retake Southwestern Port

KINSHASA, Congo — An armed rebellion against President Laurent Kabila that began four weeks ago Sunday is sputtering to a halt in the southwestern Congo, where loyalist forces recaptured the area's last major rebel stronghold.

Angolan troops and tanks fighting on behalf of Mr. Kabila entered the port town of Matadi, on the Congo River, after rebel forces reportedly were air-lifted from the area in a hasty retreat.

Mr. Kabila's cabinet director, Abdelaye Yerodia, said the insurgents had looted Matadi and set fire to the port, the only major shipping facility serving inland southwestern Congo.

"This is a signal of what would come if their plan to take Kinshasa succeeds," Mr. Yerodia said.

With the help of forces from Angola,

Zimbabwe and Namibia, Mr. Kabila's troops have regained ground nearly as quickly as it was lost in a series of stunning rebel victories early in the month-old uprising. The rebels are widely believed to be backed by neighboring Rwanda and Uganda, although both countries have denied involvement in the conflict.

The capital, Kinshasa, was quiet Sunday after days of fighting on its western and eastern suburbs left bodies scattered in the streets and triggered a spree of lynchings and summary executions of suspected rebels.

Responding to complaints from foreign ambassadors in Kinshasa, Mr. Yerodia defended the conduct of the Congolese military.

The reality of this situation is that the front is everywhere," he said. "The

aggressors are hiding in houses and back alleys in all quarters. If there are fronts everywhere in Kinshasa, there is war everywhere."

The charred corpses of suspected rebels were strewn along some streets in central Kinshasa. Government officials said hundreds and perhaps thousands of rebel fighters had surrendered or had been killed in the last few days.

The rebels, however, said they were not finished. The insurgent forces, ethnic Tutsi and former Congolese soldiers, still control key cities in the east, including Goma, Bukavu and Kisangani.

Mr. Yerodia said a power dam at Inga, south west of Kinshasa, which supplies power to Kinshasa, had been recaptured by allied forces, although electricity to the capital had not yet been restored.

"This is due to a technical fault," Deputy Interior Minister Faustin Mugene said on state radio.

The rebel leader Jean-Pierre Ondekane remained defiant, telling reporters in the eastern rebel stronghold of Goma that his forces were in control of an air base at Matadi, about 350 kilometers (210 miles) southwest of the capital. The Associated Press reported from Kinshasa.

"They say the war is over but I say the war is not finished," he said. "We're in Kinshasa fighting. The situation is going well."

Mr. Kabila flew Sunday to Zimbabwe, where he was expected to thank the government for sending troops that have played a key role in helping to rout the rebels.

President Robert Mugabe of Zimbabwe met Mr. Kabila at the airport, officials said.

Mr. Kabila won the support of several neighboring countries after asserting that Congo had been invaded by Rwanda and Uganda.

Rwanda has denied involvement in the fighting, but on Saturday the Rwandan foreign minister, Anastase Gashumba, repeated warnings that his government would send troops to Congo if peace efforts failed.

In that case, Rwanda would have "no choice but to intervene militarily to rescue Rwandese," he said in South Africa, where he had come for a meeting of heads of states of Nonaligned countries. The purpose of any intervention also would be to rescue some Congolese "who do not support the killings," he said.

BRIEFLY

Arafat Approves Death for 2 Aides

GAZA — Yasser Arafat, chairman of the Palestinian Authority, gave authorization Sunday for the execution of two security officials convicted of murder in a family feud, Palestinian radio reported.

The executions would be the first since Mr. Arafat and his government assumed power in Gaza and parts of the West Bank in 1994.

It was not clear whether Mr. Arafat had commuted the sentence of a third convicted man. (Reuters)

Algerians Defuse Funeral-Site Bomb

ALGIERS — Explosives experts defused two bombs just before the funeral of five civilians in new violence in Algeria, including the slaying of 10 men by knife.

The 10 were killed Saturday by terrorists, security officials said. Algeria has been racked by violence since early 1992, when the authorities canceled a general election in which Islamists had taken a commanding lead. (Reuters)

Panamanians Vote On 2d-Term Issue

PANAMA CITY — Panamanians started voting Sunday morning to decide whether to allow their president, a longtime public servant under the dictator Manuel Noriega, to run for re-election next year. Supporters of President Ernesto Perez Balladarez are seeking to lift a ban on two consecutive terms.

The campaign has divided the country between those who say Mr. Perez Balladarez is the only man capable of maintaining the country's stable economy and those who cannot forgive his role in Panama's 21 years of military dictatorship.

Mr. Noriega was seized during the 1989 invasion by U.S. troops and is serving a 40-year sentence in the United States for drug trafficking. (Reuters)

At Site, Flame Burns On Paris Plans to Build Monument to Diana, But Public Maintains Its Own Memorial

By Craig R. Whitney
New York Times Service

PARIS — The city of Paris has decided to bow to public sentiment and create a monument to honor Diana, Princess of Wales, who died here last Aug. 31 when her limousine, pursued by celebrity photographers, crashed into a tunnel support pillar under the Place de l'Alma.

The monument will be a nature garden for children in her memory that will open next spring in the Marais district, in the historical heart of Paris at 21 rue des Blancs-Manteaux.

But by the tens of thousands, ordinary people from Paris and all over the world have long since created their own memorial to the princess, on the Place de l'Alma above the spot where the accident occurred: at a gold-leafed replica of the flame of the Statue of Liberty.

The monument, overlooking the Seine, stands above the west portal of the tunnel where the escort of the princess, Dodi al Fayed, and their French driver, Henri Paul, died in the crash.

A plaque explains that the gold-leafed flame was given to the French people in 1987 on the centenary of the International Herald Tribune as a symbol of friendship between France and the United States.

Hundreds of bouquets, cards and messages in French, English, Spanish, Arabic, Russian and other languages show that the fascination for Diana still burns in the hearts of people all over the world.

Gunter Maatzmann, 19, was one of a group of a dozen teenagers from Germany who visited the site one morning last week, leaving messages scrawled on an index card at the pedestal of the flame.

"It's one of the things we wanted to visit while we were in Paris, not the only thing," he said.

He became slightly embarrassed when he was asked what he had written. "Nothing important," he said. "She was a remarkable woman."

So many people visit the site that police have put up barricades to keep them from risking injury by trying to go down into the tunnel beneath the square.

to see the reinforced concrete pillar that the Mercedes in which Diana was riding slammed into at high speed shortly after midnight on that Sunday a year ago.

With a bodyguard, Trevor Rees Jones, the only person in the car who was wearing a seat belt and the only survivor of the crash, the couple was trying to outrun photographers who had stalked them out at the Ritz Hotel. The hotel, owned by the father of Mr. al Fayed, Mohamed al Fayed, the London-based Egyptian businessman, employed the driver and the bodyguard and rented the Mercedes from an agency.

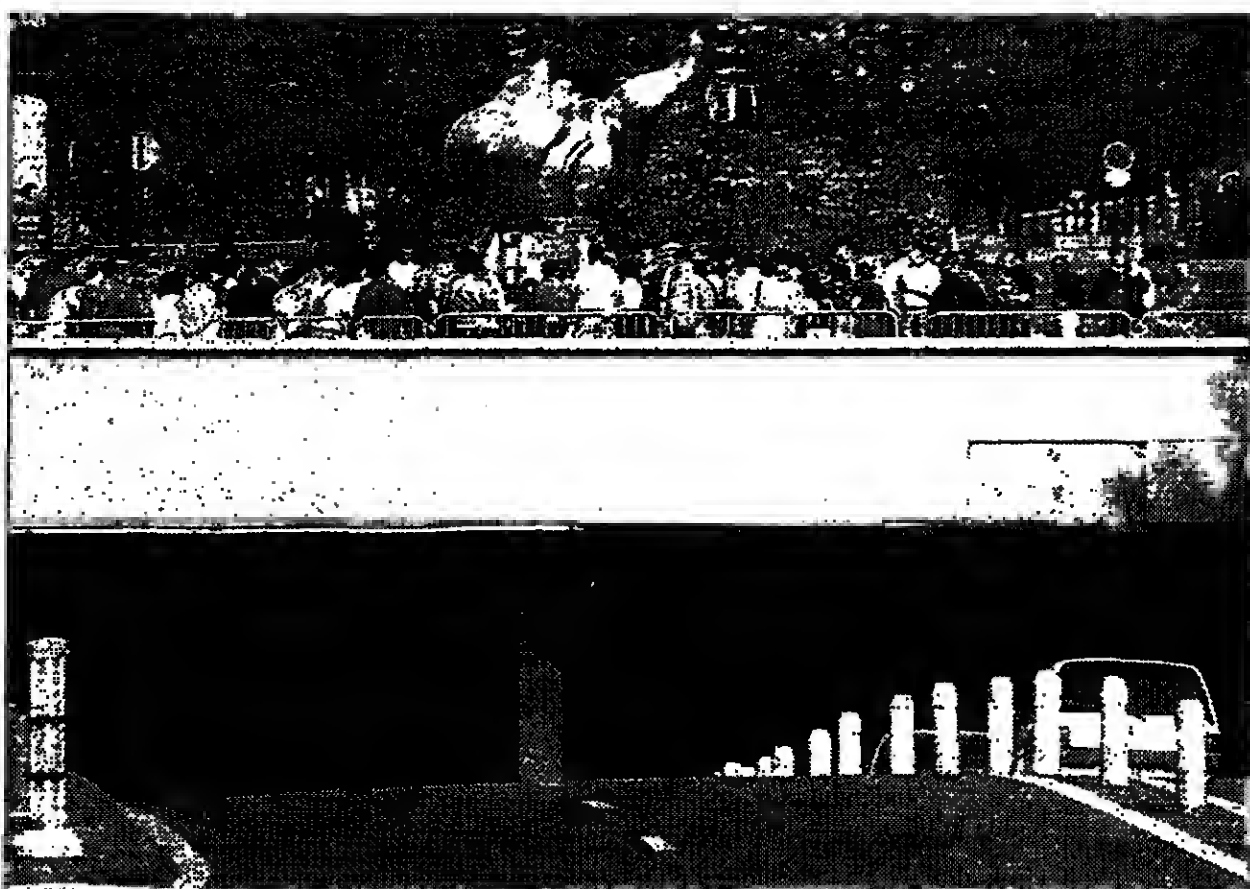
Who bears legal or criminal responsibility for the accident, on a roadway where the car was traveling far above the speed limit, is something that two French investigating judges, Hervé Stephan and Marie-Christine Devidal, have been examining.

In one of the few public statements that prosecutors have made since the accident, they said last September that the driver, Mr. Paul, had a blood-alcohol level more than three times the French legal limit, as well as traces of anti-depressants and drugs used to control alcoholism.

The driver's condition and excessive speed appear to have been the principal causes of the crash. But the week before last, prosecutors also said they were trying to determine why, even though Mr. Paul died instantly in the crash, his body contained a slightly higher than average trace of carbon monoxide, a product of automobile exhaust that can cause drowsiness or unconsciousness.

Yesterday, Mr. Stephan questioned the president of the Ritz Hotel, Frank Klein, and another hotel official. Prosecutors have been trying to determine who ordered Mr. Paul, whose position was security director of the hotel, to take the wheel of the Mercedes instead of letting it be driven by a trained chauffeur, and what the hotel management knew about his drinking that night.

The investigations ordered by the judges will be completed by the end of October, the prosecutors said, but justice officials said the judges might not render their verdict until next year. Only then would it become clear whether anyone might face criminal charges.



Visitors maintain the vigil at a replica of the flame of the Statue of Liberty, above the spot where Diana died.

DIANA: A Year Later, Britain Remembers 'People's Princess' but Tries to Move On, Too

Continued from Page 1

cheers for Prince William, who has turned 16 and taken up the mantle of Diana, whom he so closely resembles. "All had the charismatic future king!"

In this generational shift, the "teachy" Prince Charles (relieved of the constant irritant of the media-savvy antics of his former wife) has become a benign, avuncular figure, photographed in his English country garden or beside his children. If you believe the current spin, he is now as perfect a father as he was once considered cold and unfeeling.

His prospects of marrying Camilla Parker Bowles, out of the question when Diana was around as an injured party and scorned wife, now look positively rosy. A carefully leaked story detailed Mrs. Parker Bowles' chance meeting with William, from which she emerged gasping for a vodka tonic. As an advance gift

for his 50th birthday in November, Charles was treated to a stage show by his sons, with Mrs. Parker Bowles and her two children among the royal crowd.

Earl Spencer, Diana's brother, and the hero of the hour when his inflamed funeral oration claimed William and his brother Harry as the Spencers' "blood family," has been the loser. After the press he had vilified caught him cheating on his hulkish wife, Lord Spencer was branded a hypocrite. His sister's memorial at Althorp has been dismissed as a "Diana land," although it has been popular with the public. The Spencer family will gather there Monday for a personal memorial service.

Mohamed al Fayed, whose son Dodi was killed alongside Diana, has become another loser. After supporting conspiracy theories about the car crash and haranguing Frances Shand Kydd, Diana's mother, when they were sum-

moned to the Paris judicial investigation, Mr. al Fayed is losing not only credibility but also the precious royal warrants that adorn his Harrods store.

So did Diana's death change anything? Or has it proved that however good and noble a figurehead she was and remains for many people (especially women who identified with her), the institution of monarchy is stronger than one maverick individual?

The resilience of the royal family and its capacity to close ranks in crisis was proved after the abdication of 1936. But whereas the exiled Duke of Windsor remained a perpetual outcast, Diana, in death, has been easier to embrace than the divorced princess who was stripped of her title and sent packing. Her memory is back in the royal fold.

Looking at the white-haired Queen Elizabeth, a genial Prince Charles with the sapling-tall Prince William and the

extended royal family gathered to celebrate the Queen Mother's 98th birthday last month, it seemed hard to credit the convulsions that had shaken the monarchy a year earlier.

It is partly a natural dynastic process whereby interest moves on to the next generation. Chastened by their perceived part in harassing Diana to her death (and eager not to kill off the goose that lays the golden crown) the media have promoted a raft of young royals — especially Zara Phillips, 17-year-old daughter of the Princess Royal. A picture of the Queen's granddaughter with a pierced tongue alongside her cousin and buddy Prince William produced a memorable tabloid headline: "Spot the Stud!"

The image of Diana remains as powerful as ever. But without new pictures, the visual coverage will inevitably decline after the current anniversary frenzy.

That is also part of a natural public process of moving on. Whatever feelings Diana's death defined about society, the monarchy, celebrity or womanhood in the 1990s, that moment is over. Mark Santer, the bishop of Birmingham, expressed the current mood.

"Remembering Diana is important," he said about the anniversary. "But so is letting go. It is time to let Diana rest in peace."

In the blanket coverage given by the British press over the last 10 days, there have been some dissenting voices, including a television program contending that the funeral and "the mourning after" were far from a spontaneous outpouring of public emotion showing a change in British character.

The Church of England itself seems uncomfortable with the popular beatification of Diana (think memorial candles as special offers in the tabloid press). The anniversary was being marked by a dignified vigil of prayer at Westminster Abbey on Sunday evening.

The Archbishop of Westminster has even said openly that it is time to "get on with life and leave the kind of hype of the thing behind."

And on BBC Radio, Cardinal Basil Hume, the spiritual leader of 4 million Roman Catholics in England and Wales, said, "Diana was by no means a saint, she never claimed to be, and it's very foolish to pretend that she was," though he added, "she was somebody whom we all admired."

The royal family, which has requested that the anniversary be used only as "a time for personal reflection," will attend a service Monday at Craighie Church on the Balmoral estate in Scotland. William and Harry attended church services near Balmoral on Sunday with their father.

The 72-year-old Queen Elizabeth gave a muffled mea culpa through a press briefing last week. An aide spoke of the royal family's wish to absorb the lesson of Diana's ability to be in touch with the people and to keep "at least of topics of public concern."

"The queen has listened hard since the princess died," the spokesman said. "The perception of the public was that the royal family was not fully in touch with them. The change is one way of making sure this can be redressed."

He was speaking of a "fine tuning" of the royal approach to public life, which includes spending "quality time" with a few individuals rather than a nod and a wave. It has produced Queen Elizabeth's first visit to a McDonald's, a place where Diana would famously feed her boys.

Huge Balloon Drifts Through Civil Air Lanes

Reuters

REYKJAVIK — A runaway weather balloon as tall as a 25-story building entered and left Icelandic airspace on Sunday after defying efforts by aircraft from three nations to track and down it.

The unmanned balloon poses a danger to aircraft because of its size. Laid out flat, before being filled with helium, it could cover five football fields.

Commercial air traffic had to be rerouted over the North Atlantic, Icelandic air traffic controllers said.

The Civil Aviation Authority in Britain reported delays in transatlantic air traffic because airlines were forced to divert from their projected flight paths because of the balloon.

The balloon broke out of control after it was launched last Monday from a site near Saskatoon, in the western Canadian province of Saskatchewan, to measure ozone levels.

In the latest episode of the chase, a U.S. Navy surveillance plane was dispatched from Iceland to look for the 100-meter (300-foot) balloon. But the plane failed to register the balloon on its radar and finally returned to base.

The radar they were using was for surface searching, and they weren't able to detect the balloon in the air," said Lieutenant Carla McCarthy, the public affairs officer at the U.S. base at Keflavik.

She added that prevailing winds might soon return the balloon to Norwegian airspace.

Some time later this afternoon it should arc back towards the south and enter Norway's airspace," Lieutenant McCarthy said Sunday.

The balloon remained airborne last week despite attempts by military aircraft to shoot it down.

Two Canadian CF-18 fighters fired more than 1,000 rounds at the balloon off the coast of Newfoundland on Thursday. Squadron Leader Chaz Counter of the Royal Air Force said two British Nimrod aircraft had shadowed the balloon earlier on Sunday before the U.S. Navy P-3 Orion took up the chase.

On Mont Blanc, Ice and Overconfidence Prove Deadly

The Associated Press

PARIS — All it takes is rain at high altitude and the popular slopes of Mont Blanc, Europe's highest mountain, turn into treacherous walls of ice.

In seven days, 15 climbers have fallen to their deaths, many of them plunging several hundred meters.

The scenario is the same almost every summer, and the authorities are once again urging climbers to be extra vigilant.

"Many amateurs come to Mont Blanc and choose not to hire a guide, and that is a risky business," said Pierre Raveneau, a spokesman for the mountain gendarmes in the popular Alps resort.

"Nobody's obliged, but the advice you see everywhere is to go with an expert. It's always the best step."

Mont Blanc rises to 4,800 meters (15,750 feet) on

the border of France and Italy. In summer, warm weather and blue skies draw thousands of tourists, hikers and climbers. But there are dangers, notably ice and hidden crevasses. Last summer, more than 60 climbers were killed in the Alps.

The bodies of the 14 climbers who were killed in the last week were removed by rescuers using helicopters. All of them had fallen from the face of the mountain after rains left it coated with ice.

The victims included Spanish, German, Hungarian, Italian and French climbers. None had a guide.

Rain at high altitude is rare. Even usually safe routes, such as the Dôme du Gouter a few hundred meters lower, were hazardous this year after the rain. Two of the victims perished there.

But fatalities are often a result of negligence borne of overconfidence, experts say.

"Accidents almost always happen when climbers

are descending," said a guide, Michel Schneider. "That's when complacency sets in and people lose their concentration, after perhaps having made the summit."

Several hundred climbers scale the peak each day in summer, the authorities say. But even at low altitudes, where crampons might be considered superfluous, there are dangers.

"If a mountaineer comes without crampons, or sufficient knowledge of how to use them in different conditions, then there will be difficulties," Mr. Raveneau said.

Mr. Schneider said the mountain should not be considered highly dangerous, provided the right precautions are taken.

"There's a very big difference between being difficult and dangerous," he said. "But if you lose your focus, a slip can be fatal. The margin of error can be minute."

ATTACK: Key U.S. Claims About Sudan Chemical Plant Proving Questionable at Best

Continued from Page 1

who may have a family to feed and a life to live, and probably had no earthly idea what else was going on there, to die needlessly."

The plant made both medicine and veterinary drugs, according to U.S. and European engineers and consultants who helped build, design and supply it. The plant they describe was not a tightly guarded chemical-weapons facility patrolled by Sudanese soldiers, as a senior intelligence official described it last week.

Briefing reporters hours after the attack on the plant, the senior intelligence official said: "We have no evidence—or have seen no products, commercial products that are sold out of this facility." That representation was also made by the CIA to the nation's most senior military officers, Pentagon officials said.

The point the senior intelligence official was trying to make in his briefing was that "this was not a normal pharmaceutical facility," his spokesman said. His focus was on the presence at the plant of EMPETA, a precursor chemical used to make VX, a deadly nerve gas, the spokesman said. Senior U.S. officials said that the CIA secretly took a soil sample from a few yards outside the plant that, upon analysis, contained EMPETA.

The plant "just didn't lend itself to making chemical weapons," said Tom Carnafin, a British mechanical engineer who was technical manager at the plant during its construction from 1992 to 1996.

Workers there mixed pre-formulated chemicals into medicines, he said, and lacked the space to stockpile or manufacture other chemicals.

But another government official said "you could spin several scenarios" as to why EMPETA was found at the plant, including suppositions that the chemical was stored or transported there. Other officials now say it is unclear that EMPETA was actually produced at the plant, but insisted that the soil sample proved the factory's complicity in making VX.

Several chemical-weapons experts outside the government say the single soil sample, if it was not carefully preserved and quickly tested, could have misidentified the key ingredient. They said EMPETA is chemically similar to several commercially available pesticides and herbicides, including the well-known commercially available weed killer called Round-Up.

Senior government officials say that they are sure the CIA's chemical analysis was correct and that it was the most compelling evidence they saw for attacking the plant.

The CIA did not make clear to senior military officials that the plant produced a large share of the medicine used in Sudan, a Pentagon official said. He said: "Some of the intelligence people didn't know they would find any of that there," he said, referring to shattered remnants of medical products found in the wreckage after the attack.

A spokesman would not say whether the intelligence agency told Mr. Clinton that the plant made medicine or whether the agency deemed that fact important. Several government officials said any aspect of the plant beyond the presence of EMPETA in it was irrelevant.

Secretary of Defense William Cohen, in briefing reporters shortly after the attack, said that Mr. bin Laden, the exiled Saudi multimillionaire whom the U.S. considers responsible for the bombings of U.S. embassies in Africa, helped finance the plant.

"We do know that he had contributed to this particular facility," Mr. Cohen said. The U.S. government has presented no evidence to support that, and some U.S. officials now say Mr. bin Laden's financial support for Hassan Turabi, Sudan's leading political figure, as well as for the Sudanese military and intelligence services, did not directly flow to the plant itself.

Officials at the White House, the Pentagon and the CIA insist that they hit the

right target and cite the soil sample as proof.

"I do not sense here any question about the legitimacy of this target," one administration official said. "We have confidence in the soil sample. It categorically demonstrates the presence of a compound good for just one thing—making VX by the Iraqi method. The plant was set up with the encouragement of Turabi who urged bin Laden to finance it. End of story."

An intelligence official said: "In retrospect and with the benefit of hindsight, it was the right target."

The decision to attack the plant was made in extreme secrecy by a very small circle of senior officials, including few beyond Mr. Clinton. Mr. Cohen, Secretary of State Madeleine Albright, the national security adviser Samuel Berger and General Henry Shelton, chairman of the Joint Chiefs of Staff, General Anthony Zinni, commander of U.S. forces in the region, drew up the plans.

In less lofty circles of the government, there is some controversy about the attack on the Khartoum plant. "This is all anybody in these corridors is talking about," one official said. "Why this facility? Why did nobody bother to talk to the technical people who know about the evidence they had? Why were there only one soil sample? And one lab test?"

EDITORIALS/OPINION

Herald Tribune

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Backward in Russia?

After seven years of on-again, off-again reform, Russia seems poised to abandon the reform path altogether. President Boris Yeltsin has fired the free marketeers he appointed to his cabinet five months ago, replacing his young pro-reform prime minister with the apparition Viktor Chernomyrdin, who already has been tested and found wanting. Mr. Chernomyrdin in turn is attempting to form a new government with the backing of Communist-populists and oligarch-robber barons.

These are two distinct constituencies, but they have in common a distaste for real free markets ruled by law and the forces of open competition. They prefer what in Russia has become known as "Latin American capitalism" (an insult to Latin America), by which is meant a system in which businessmen and bureaucrats are indistinguishable, insider dealing and corruption are rampant, and foreign investment is discouraged.

They share, too, a demand that the state start printing rubles, and fast—in the oligarchs' case to save their failing banks and in the Communists' case to rescue the Red Directors who have stripped Soviet-era enterprises of usable assets and now want to be bailed out again. The result of an economic policy based on their shared desires would be a return to hyperinflation, and the impoverishment of most Russians. This very sad outcome would naturally raise two questions, the first being: What went wrong? Some will say the West gave too little aid, too late; others will say the West foisted upon Russia a reform scheme for which the nation was not suited. Our view is that the recipe was not at fault as much as the inconstancy with which it was followed.

For that, many can share the blame: Mr. Yeltsin, for his erratic record and his disastrous war against Chechnya; the reformers, for their arrogance and their own petty but debilitating cor-

ruption; the robber barons, for equating their own welfare with the state's; the opposition, for being more interested in enriching itself and stirring up trouble than in helping the downtrodden it claimed to represent.

But it is also fair to say that the burdens of Russia's history weighed heavier than the faults of any individual actor. Nations like Poland, Estonia and the Czech Republic, united in their visions of a democratic, European future, managed to follow the reform prescription. For them, democracy was a source of strength through the most difficult moments of transition from communism. For Russia, far more divided and unsure, democracy has brought instability as well as legitimacy.

The second question, if Mr. Chernomyrdin abandons reform, would be: What next? Eventually, Russia is likely to return to the reform path, since there is in fact no "third way" to prosperity. But whether it takes weeks or months or years to come to a consensus on that cannot be predicted. Nor can the dangers, to democracy and national unity, that Russia will face along the way. Outsiders must applaud Russia for remaining within its constitutional framework at this time of crisis, and respect the choices that its democratic system leads it to. But there would be neither obligation nor reason to provide further financial support for policies that cannot succeed.

Russia's crisis means that the Yeltsin-Clinton summit slated for Tuesday will belong to a new era. In Soviet days, summitry revolved around great issues of nuclear peace and war. Since then, U.S. and Russian leaders, pretending to be equals, in fact have met as benefactor and supplicant. Now President Bill Clinton travels to Moscow with nothing more tangible to offer than words of advice and encouragement. How relevant or welcome they will be is one more open question as Russia charts a new course.

—THE WASHINGTON POST.

Latin Perennials

Panamanians went to the polls on Sunday to decide whether their president, Ernesto Pérez Ballad雷斯, can amend the constitution to run for a second term. His bid to stay in power is part of a trend among Latin American presidents, virtually all of whom are barred from running for two consecutive terms. If he is successful, he would be the fourth president to win a constitutional amendment for re-election in the past few years, and several others have contemplated trying. The trend is dangerous for fragile Latin democracies, contributing to the personalist rule that has plagued the continent.

Mr. Pérez Ballad雷斯's move is a gamble, as polls show that Panamanians reject his re-election by a margin of more than 20 percentage points. One reason is that many are uncomfortable with his already substantial power. His party dominates the legislature and the supreme court.

The Panama Canal, along with surrounding properties and U.S. military bases, reverts to Panamanian control on the last day of 1999. Mr. Pérez Ballad雷斯 will be able to manage that process only if he is re-elected. But many Panamanians worry that he would try to take the spoils for members of his party. The Canal Authority he nominated last year to run the canal after 2000 is full of his cronies. Bids to privatize parts of the canal that have already been turned over have not been open and competitive, accord-

ing to the U.S. trade representative. Voters elsewhere in Latin America are also rebelling against re-election bids by presidents who control their judiciaries and other political institutions. Carlos Menem of Argentina and Alberto Fujimori of Peru both changed their constitutions to permit second terms. Mr. Menem took a public shelling when he announced that he would try for another amendment permitting a third term, and in July he dropped the proposal.

In Peru, Mr. Fujimori is using an outrageous series of maneuvers to get a third term. In 1996 he announced that he would run again in 2000. When the constitutional court blocked him, the Congress, which he controls, sacked three justices. A citizens' group began collecting signatures for a referendum to block him. It collected the remarkable number of 1.4 million, enough to force a referendum. Last week, however, the Fujimori-controlled National Election Board reversed an earlier decision and ruled that the referendum required the approval of Congress. To no one's surprise, Congress on Thursday killed the referendum.

Now that the Cold War is over, there are no patrons for outright dictators in Latin America. Mr. Fujimori is the worst of the region's new kind of autocrats, who keep a veneer of legality but plunder their country's institutions to expand their powers.

—THE NEW YORK TIMES.

Other Comment

Censure President Clinton

President Clinton is not likely to resign or be impeached, unless Kenneth Starr issues a report that discloses a dramatic new "smoking gun." But Congress should certainly consider censuring the president. Mr. Clinton's sexual misconduct and lying clearly show a lack of respect for the ideals and demands of his high position.

A resolution censuring Mr. Clinton would let members of Congress record their concerns and, I believe, help clear the issue from the nation's agenda.

—Paul Findley, a former Republican representative from Illinois, in *The New York Times*.

Who benefits? That simple question can unlock the densest political riddle

and help to illuminate the darkest historical passage.

For most of this century, Americans have debated the role of government. That debate has been particularly intense in the last 30 years. Mr. Clinton may now have brought us to a decision. Surely the major beneficiaries, if any, will be those who want the government to do less.

This public humiliation threatens to deprive Mr. Clinton of whatever vestigial ability he may have had to stem our era's determination to dismantle government and unshackle the engines of let-it-rip, laissez-faire, 19th-century-style capitalism. Cui bono? The question answers itself.

—David M. Kennedy, a professor of history at Stanford University, in *The Los Angeles Times*.

Put the NATO of the Economic World Into Action

By Richard Medley

NEW YORK — If the leaders of the IMF, the Group of Seven nations and the United States continue to react narrowly, selfishly and late while imposing "solutions" suited to other times and other governments (namely, Latin American governments in the 1980s), then the two-thirds of the world's population that is not firmly fastened to capitalism will begin to drift away from free markets and from the American sphere of influence.

The cascading crises in Russia, Asia, Central Europe and Latin America threaten to reverse the seemingly effortless victory of free market ideology after communism's collapse.

Hong Kong authorities are openly buying stocks to prop up their market and punish speculators. Taiwan is demanding that traders report large currency transactions so they know that government officials who have favors to hand out or withhold are watching. And guess which two countries are the only ones where stock prices have risen in the last two weeks?

On the back of this success there is open talk of setting up an Asia-wide, government-controlled hedge fund to fight back against speculators, and of imposing capital controls to prevent money from flowing in and out of each country with complete freedom and without cost.

Russia is an even more direct threat to free markets. The government has suspended currency trading of rubles for dollars and marks and is toying with heavy controls or even an outright ban on letting people exchange rubles for other currencies. The government has all but refused to pay back people who lent it money in the past few months. It has been shutting down trading on the stock market.

In the past 300 years, Russia has embarked on a Westernization drive four times. Each time it failed when reforms did not take hold, and the Westernizing leaders were chased out of office. Watch for Boris Yeltsin's exit.

Who can blame these countries for looking around at different options? After a year of IMF-led programs that were heavy on free market orthodoxy such as tighter budgets, higher interest rates and promises of money, Asia, Central Europe and increasingly Latin America are collapsing economically.

Two key IMF test cases, Indonesia and Russia, are the most conspicuous examples of

failure. Draconian IMF-imposed conditions led directly to political chaos and a loss of confidence by international investors, who took their money out as fast as they could.

When President Suharto took over Indonesia in 1965, the average worker made the annual equivalent of \$260. By June of last year it was \$1,000. In six months, 30 years of progress had disappeared and the average worker was back to \$260.

The Russian stock market is down 85 percent this year, and market-driven panics have forced three changes in the Yeltsin-led government since February. The country is now on the verge of hyperinflation and anarchy.

People talk about how conditions now are similar to those in 1929, when the world faced collapse in the developing world markets led by massive declines in their currencies and a slowdown across the world.

Then, Federal Reserve officials reacted to the wall of money pouring into U.S. stocks by jacking up interest rates relentlessly until it pushed the market into a crash. The Fed has not been raising interest rates directly this time, but it has

stood by while rates adjusted for inflation have surged.

This passive stance is typical of the industrialized world's response to the developing world's recent problems.

Two weeks ago, before Russia blew up, the Kiriyeenko government desperately pleaded with the United States and the IMF to commit more money once reforms were in place. In effect, Washington could have bought some more time by adding \$15 billion to the \$35 billion that the IMF had already committed. But it refused, and Russia devalued its currency and defaulted on its debt.

Since then, world stock markets have collapsed, and nearly \$2 trillion in individual and corporate wealth has evaporated into thin air.

Washington could not come up with that money because the U.S. government is paralyzed by political demons and its own ideological rigor. If America is going to meet the challenge and have any hope of bringing the developing world back to the fully functioning free market path, it requires aggressive, generous and idealistic action on the part of American leaders.

Yes, there will be money wasted, thrown down a hole in this process. But this is just as

surely a moment of national crisis as any war would be.

Like some wars, this is a fight for what we in the West think of as "our way of life." In fact, the Group of Seven industrial nations should be thought of as the NATO of the economic world.

First steps first. The Clinton administration should articulate what is at stake if the post-Cold War free market orthodoxy collapses under its first challenge. Want a quick way to do that? Look at how much money the world had available to it last week that it simply does not have this week due to the stock market collapses.

Then think of this. If the non-free-market alternative begins to take root again across the world, the flow of money, trade, information and culture that has fertilized this incredible period in world history will dry up.

Two years ago you could laugh off this option, since the benefits of being part of the system were so obvious. Now the costs are obvious. Only America, its industrialized world partners and a thoroughly revamped IMF could mute the costs and restore the benefits. The markets will not do it alone.

Second, the Federal Reserve, along with all other industrialized world central banks, should cut interest rates sharply. The war against inflation has been won. There is no inflation in the industrialized world. Gold is trading at almost \$100 an ounce less than a year ago; oil is down; the broadest measure of commodity prices is plunging steadily through old barriers, and the availability of credit to companies and individuals is drying up.

The real danger is that the world may tip over into a deflationary spiral in which prices fall so sharply that consumers put off buying because they know that products will be cheaper in a few months, and employers stop hiring because they know that wages will be lower in a few months. That way lies another Great Depression.

Third, after making the case for stepping in aggressively to help, the United States should secure new funding for the IMF, but demand in return a complete overhaul in its mission statement, current leadership and outlook on the world.

In the interim, the United States should openly take over the administration of the Fund in cooperation with other Group of Seven governments, and use the limited resources left to the Fund to promote growth, as opposed to yet another course in macroeconomics from the Chicago school.

We are now back to the times John Maynard Keynes originally wrote about. Supply is greater than demand in the world, and the only way to counter that is to step on the fiscal gas around the developing world.

Fourth, the West must increase support for and pressure on Japan's weak government to stop dithering and start spending money to push the Japanese economy out of depression. The world economy cannot stabilize when its second largest economy is in full-scale collapse and its banking sector is suspected of being broadly bankrupt.

In the coming months, Western leaders can work with leaders of these shattered economies to restore order to markets, reshape the international financial market architecture and restore the sense that capitalism has greater benefits than costs.

Or they can stand around and repeat the phrase that there is nothing they can do and the governments have to reform themselves. Russia tried, and when its most aggressively reformist government asked for a little more help, it was refused.

The writer is managing partner of Medley Global Advisors, which provides political intelligence to hedge funds, corporations and investment houses. He contributed this comment to *The Washington Post*.

Look, the Pillars of World Order Are Crumbling

By Thomas L. Friedman

WASHINGTON — Which do you think is scarier? Is it that Scott Ritter, the top UN weapons inspector in Iraq, quit his job, accusing the United States and the United Nations of surrendering to Saddam Hussein? Or is it the story told by Russian economists about a Russian soldier behind the Urals who drove his army tank to City Hall to demand months of back pay?

The soldier said he drove the tank not because he wanted to blow up the building but because he didn't have any other way to get there and couldn't afford cab fare.

Or is it a State Department spokesman, James Foley, who is quoted as saying that Secretary of State Madeleine Albright could not possibly be going soft on Iraq because, after all, "Saddam Hussein has called Secretary Albright a snake and a witch, among other things?"

What these disturbing stories suggest is that the basic pillars that have stabilized the post-Cold War world are all either shaking or crumbling. And that is scary.

Pillar No. 1 was the notion that Russia had made an irreversible leap from communism to free market capitalism, that it was basically on the right track, albeit bumpy, that Boris Yeltsin was basically the right man for the job, and that a little U.S., German and IMF money could grease the way.

Today, financial experts are at a loss as to how to deal with Russia, whose future is anything but certain. Russia's crisis is primarily a governing crisis. Russia lacks the institutions to properly manage a modern economy linked to today's fast-paced

global market, and the legitimacy of free markets there is still shallow. If Russia goes bad, it's going to go really fast, and if it gets better, it's going to take a really long time.

The second pillar was America's defeat of Saddam in the Gulf War. That defeat resonated around the world. Those who supported Saddam, like Yasser Arafat, had to literally apologize to their neighbors after the war. Those who went on supporting him looked like fools, tilting against a Pax Americana. Arab moderation spurred Israeli moderation.

But today the Arab center is again reconciling with Saddam. The Clinton team says it has no allies anymore to confront Saddam and no domestic support, and it's right. But neither did George Bush when he built the anti-Iraq coalition.

The third pillar was the American economic model — the idea that liberal, open, deregulated markets, with lots of free trade, would produce steadily rising stock markets around the world. That model is now facing its biggest challenge across the globe, where investors and workers in every emerging market are discovering that while the American model may be the best thing going, it is much more difficult to reproduce than was first thought.

"American credibility is being tested in every one of these areas," notes Robert Hormats, vice chairman of Goldman Sachs International, "and the stability of the

world will depend, in part, on whether we pass that test."

Which brings us to the fourth shaky pillar, the vanishing leaders who made this post-Cold War world. Yitzhak Rabin was shot. Bill Clinton shot himself. Boris Yeltsin lost his way. Helmut Kohl lost his mandate. Japan is home alone. Who would have predicted that today's most stable leaders would be China's president, Jiang Zemin, and prime minister, Zhu Rongji?

America is a superpower but it is not omnipotent. It needs to decide where it can make a difference, where it can only coach and where it is just copping out.

In Iraq, it is just copping out. In Asia, it can make a difference by encouraging governments to broaden social safety nets to catch some of those brutalized and made unemployed by the latest economic meltdowns, so that this transition to real free market capitalism is not derailed.

In Russia, the United States, Germany and the IMF can offer aid, but only if the Communist-led Duma passes all the necessary reforms and Russia's greedy capitalist oligarchs are broken.

A strong Russia under Stalin could never bring the West to heel, but a weak Russia under capitalism can, if the West doesn't insulate itself. Which is why Bill Clinton needs to right himself fast, so that he is not just occupying the presidency but exercising it. America needs a president. The world needs one even more.

The New York Times.

The Best Russia Policy Now Is Hands Off

By Richard Pipes

CAMBRIDGE, Massachusetts — Russia's current crisis has both political and economic causes.

The political part derives from the inability of Russians to create a viable administrative system in place of the one-party regime that ruled for seven decades. In contrast to the Poles or Czechs, who had traditional political parties up until the time Soviet rule was imposed on them in the 1940s, the Russians have no collective memory of pre-totalitarian parties.

There is no consensus on any political issue. The so-called Red-Brown (Communist-fascist) coalition that dominates Parliament shares no common values with the reform-minded members of President Boris Yeltsin's cabinet.

Hence, Russia is without effective government. To the extent that anyone rules, it is the 89 governors who run the provinces largely independently of the center and each other.

So it is hardly surprising that Mr. Yeltsin impulsively hires and fires prime ministers. It is one of the few powers at his disposal. The unceremonious dismissal of Viktor Chernomyrdin five months ago in favor of Sergei Kiriyenko, and the recent removal of Mr. Kiriyenko in favor of the same Mr. Chernomyrdin, recall the political practices of czarism on the eve of the Russian Revolution. Known at the time as "ministerial leapfrog."

Although Mr. Chernomyrdin has better relations with the Duma than Mr. Kiriyenko does, and even contemplates bringing Communists into government, the shuffling seems to have less to do with politics or programs than with a desperate search for someone, anyone, seemingly capable, by some sleight of hand, of fixing things.

Rumors abound that Mr. Yeltsin is about to be forced out of office in favor of Mr. Chernomyrdin. Mr. Yeltsin has emphatically denied these rumors, insisting that he intends to serve out his full term. However, it appears that he has lost much of his power.

A coalition government, with Communist ministers in minor posts, may not be a bad thing. It

will make the main opposition party, until now engaged exclusively in obstruction, a part of the system and hence responsible, to some degree, for its success or failure.

The economy's failure, which triggered the present crisis, is due above all to the inept handling of the budget.

Russians are not accustomed to paying income taxes, which were unknown under czarism and communism. The Yeltsin government has been unable to collect them from enterprises or individuals because it lacks the political will and the bureaucratic personnel. The drop in the price of petroleum, Russia's main source of hard currency, has contributed to the deficits.

To cover them — as it had to do to maintain the value of the ruble — the government has been borrowing heavily abroad, mostly short-term. Unable to service the debt even with the help of the multi-billion-dollar credit from the IMF, the World Bank and Japan, Russia has effectively defaulted and withdrawn support of the ruble.

These mistakes have been catastrophic. The seven years, during which Russia could have laid the foundations of a viable democratic and capitalist order have been irretrievably squandered. Even if it succeeds in coming to terms with its foreign creditors, foreigners are unlikely to be willing to invest new money in it for years to come.

And yet without huge injections of foreign capital, Russia cannot solve its economic problems, let alone provide its people with an acceptable standard of living.

The worst aspect of the crisis is that it will discredit democracy and capitalism in the eyes of most Russians. The two institutions — the indispensable foundations of stability and prosperity — appear to them today as nothing but a swindle.

They were willing to put up with reduced consumption and the disappearance of social services because they saw them as temporary hardships. But who will now be able to convince them that the faith they placed in their country's currency was

justified? Or that a president popularly elected is more responsible to their needs than one appointed by an all-knowing, all-powerful party?

Anti-Western feeling, which has been gaining ground lately, will certainly intensify, along with the sense that Russia must follow its own separate path.

The problem, however, is that in the modern world there is no other road to stability and prosperity than that charted by the Western democracies.

A return to communism is impossible not only because the majority of Russians oppose it but also because it would require forcible expropriations of the assets acquired by private citizens since 1991.

An unlikely alternative would be for Russia to dissolve into several sovereign nations; authority would pass to governments closer to the people and more accountable to them. But Russia, which since the 16th century has been a unified and centralized state, is most likely, in no mood to be carved up and lose its national identity.

There remains the option of turning into a Latin American, quasi-democratic, quasi-capitalist state, with an economy that relies heavily on the export of natural resources and cheap labor. This seems to me a likely scenario because it can be achieved gradually, without violence, and still foster the illusion that Russia is following its own path.

The fact that Russia would be a Third World country rather than a superpower would be masked by its arsenal of nuclear weapons, its immense size and its ability to intervene along its vast frontier.

Although Russians fault the West for not having done all it could to help them make the transition from communism, the reality is that Moscow has received generous diplomatic and financial support. Its foreign indebtedness is tens of billions of dollars.

The question now arises whether this support should continue. The IMF may take as long as a month before deciding whether to lead more money to

Russia, although a \$4.3 billion payout is scheduled for Sept. 15. Western leaders seem to have concluded that they will assist Russia further only if it enacts effective economic reforms. But the problem runs deeper. Russians have been relying on external aid to delay putting their house in order.

Top officials in Moscow have been heard to boast that the West cannot afford to let Russian democracy fail because they fear the alternative, and this claim has served as a subtle form of blackmail.

It seems to me, therefore, that under existing conditions the best policy toward Russia is one of hands off. This will force the Russians to acknowledge that the crisis they face is of their own making. They must solve their problems, both political and economic, and only after they have done so will they merit further assistance.

The writer, professor emeritus of history at Harvard University and author of "The Unknown Lenin," contributed this comment to *The New York Times*.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Peace Grounds

PARIS — The "Times" on the peace proposal says: "The conference can only make if a definite basis is first agreed upon, and that basis can only be the 'status quo,' at least in Europe. Everybody knows that Germany would accept no other condition but it appears France will not accept the 'status quo.' France has shown that the real controlling hand is that of the army, and it is sadly likely it will be so in the assembling of a conference which starts on the basis of definitely abandoning Alsace-Lorraine to Germany."

1923: Rhineland State

DUSSELDORF — Chancellor Stresemann will try to put an end to the conflict in the Ruhr as soon as possible, as the present situation is threatening Germany with ruin. Speaking at Düsseldorf to delegates of the Rhine-

land Separatist party, Herr Matthes said that the Stresemann Government has intimated to the party that he is in agreement with the creation of a Rhineland State, independent of Prussia, but within the German Federation. "This proposal," added Herr Matthes, "comes too late."

1948: Uniting Europe

INTERLAKEN, Switzerland. The Council of the European Parliamentary Union, preparing for the organization's second annual congress, reached agreement on a draft resolution setting a course toward a parliamentary European federation. The draft resolution consists of a call to seventeen free European nations trying their best to create a constitutional assembly. It contains also the tentative details of the European constitution, creating two chambers, equal in power, and an executive elected by the chambers.

Herald Tribune

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HEALTH/SCIENCE

TODAY'S
STYLEGambling
Flourishes
In the LabScratch a Scientist?
You'll Find a BettorBy James Glanz
New York Times Service

NEW YORK — After escaping Germany within months of Hitler's rise to power in 1933 and wandering the world separately for 15 years, Maurice and Gerson Goldhaber were ready for the most ordinary of brotherly relationships when they reunited as particle physicists in the United States. So when Gerson was engaged in the experiment of his life, racing to discover a speck of antimatter called the antiproton, Maurice did what just about any scientist in a close family might do: He bet a colleague \$500 that the antiproton did not exist.

Far from showing disloyalty, he was merely carrying on a noble tradition — wagering on the outcome of scientific questions — that seems as pervasive in labs, observatories and supercomputer centers as pools on college basketball tournaments are in office parks and machine shops.

The tradition was already alive when, as Johannes Kepler and Isaac Newton were setting the foundations of modern science — and making bets.

This century's savants have ponied up on everything from the properties of matter's tiniest building blocks to the fate of the entire universe. The stakes generally range from a few dollars to a few hundred dollars, often in the form of pricey dinners or expensive liquor — and in at least one instance, 100 gallons of gasoline.

"Many bottles of the finest champagnes and malt whiskies, and even more exotic stakes, rest in abeyance while observers struggle to count rare photons from remote galaxies," wrote James Peebles of Princeton University and Joseph Silk of the University of California at Berkeley in the journal *Nature* a few years ago.

Such bets are "a way to focus attention on what are the really key issues," Mr. Peebles said in an interview. Others think that because scientific betting is as common as shooting craps in a Damon Runyon story, the custom must say something important about physical research.

There's often a stereotype that scientists are not to create a ground plan of the universe and that they believe their theories "with religious fervor," said Robert Crease, a philosopher of science at the State University of New York at Stony Brook. "Bets are interesting, because they reveal the game-like quality with which scientists often approach their work."

BUT others are far from seeing anything so significant in the bets. Margaret Geller, an astronomer at the Harvard-Smithsonian Center for Astrophysics, called them "sort of disgusting." She said, "It has always struck me as one of the rather unsophisticated macho aspects of these fields."

Maybe so, but the scientific tote board lights up with remarkable frequency. For decades at the Old Bell Laboratories (now part of Lucent Technologies) in New Jersey, a betting "book" lay in the team room, where scientists gathered for discussions each day at 4 P.M., recalled Pierre Hohenberg, a physicist who is now a deputy provost at Yale University. "A few of us were ideologically inclined to say that arguments should



Michael Peskin with the Stanford Linear Accelerator Center bet book.

end up with a bet," said Mr. Hohenberg. "Talk is cheap."

The handwritten, laboratory-style notebook recorded bets on highly technical subjects like competing explanations for superconductivity, in which certain chilled materials transmit electricity without resistance. It also contained more general wagers on political and economic issues. The book disappeared from the team room around 1990, perhaps stolen by a sore loser. Long before then, however, a chance remark by a regular bettor at Bell Labs inspired a similar book on the opposite coast.

"On the front page it says, 'The Official SLAC Theory Group Record of Wagers,'" explained Michael Peskin of the Stanford Linear Accelerator Center in California. It contains 28 pages of mostly scientific bets dating from 1984.

The German astronomer Johannes Kepler is believed to have begun the game in 1600, when he was given the problem of figuring out Mars's orbit around the sun from astronomical observations made by his mentor, Tycho Brahe. Kepler took over the problem from a senior Brahe assistant named Longomontanus.

Kepler bet Longomontanus he would crack the problem in a week or so, explained James Voelkel, a historian of science at Massachusetts Institute of Technology. "The stakes are not known," but Longomontanus won: It took Kepler five years to find the solution.

That set the stage for what was "undoubtedly one of the most crucial wagers in scientific history," said Alan Shapiro, a historian of science at the University of Minnesota. Kepler's pondering had produced his three laws of planetary motion, which describe the elliptical orbits and how fast planets moved in them.

Unfortunately, nobody knew why planets would behave like that.

So as a way to spark competition, Christopher Wren of London announced in 1684 that he would give a book worth 40 shillings to anyone who, within two months, could deduce Kepler's laws from the inverse-square law that says the sun's gravity decreases with the square of the planet's distance from the sun. Isaac Newton's paper on his solution grew into his *Principia*, the tract that became a cornerstone of modern physics.

"The rest is history," said Mr. Shapiro.

By the time he published it, however, years had passed, and Newton could not cash in his winning ticket.

High-profile wagers among scientists continued to crop up from time to time in the 1700s and 1800s. For reasons no one can quite explain, however, this century has been the Monte Carlo night of scientific culture.

Even so, some notable players complain that there is not enough action to go around. "Most scientists are not interested in bets," said Michael Turner, an astrophysicist at the University of Chicago, still fuming after a conference where no one would make a new bet with him on the rate at which the universe is expanding, called the Hubble constant.

"Bets imply a certain irrationality or in-your-face attitude," said Mr. Turner. "I love 'em."

Mr. Turner stands out in his enthusiasm, but he is hardly alone.

THE late physicist Richard Feynman, for example, gave 50-to-1 odds on a dollar bet and paid off when experiments in 1957 showed that the laws of physics were not quite the same when left and right and up and down were reversed, as in a mirror — just as predicted by two theorists, T.D. Lee and C.N. Yang.

"Nearly everyone involved in those bets eventually won a Nobel Prize in physics," betting by leading scientists continues to the present. William Phillips of the National Institute of Standards and Technology, who shared a 1997 Nobel, has \$100 plus interest riding on whether or not unexplained surprises turn up in the physics of the quantum microworld anytime over the next 50 years. In his wager with Benjamin Bederson of New York University, Mr. Phillips said he bet against surprises bigger than just a new particle or force.

A similarly high-minded detachment marks the akin of bets made by the cosmologist Stephen Hawking. The bets, several of them made with Kip Thorne and John Preskill of the California Institute of Technology, often involve the properties of black holes — massive, collapsed bodies whose gravity is so intense that even light cannot escape. This tone is not always reflected in the stakes: Mr. Thorne won a subscription to *Penthouse* magazine in one bet against Mr. Hawking.

Mr. Small, a retired public administrator who runs the fund from his home in Oakland, California, raises money that is used by the La Cruz Habitat Protection Project, the Mexico-based arm of this conservation effort, to buy the trees. The project had a tentative start last year with the planting of 7,000 trees, most of which were killed by El Niño, according to Jose Luis Alvarez, the Mexican nurseryman who has overseen the planting.

Expressing frustration over the many previous failed attempts to stop logging in the area, Lincoln Brower, a biologist at Sweet Briar College in Virginia, said: "I've grasped at a lot of straws in the last 20 years, but Bob and Jose may really have found something. I don't see any alternatives that anyone has suggested that have as much promise as this one does."

BY PLANTING seedlings, Oyamel fins — the trees where the monarchs roost — and pines, farmers can begin making money from reforested land in a few years, Mr. Alvarez said. Oyamels can be harvested as Christmas trees in four years, and pines can be harvested for wood in as little as five years. The hope, Mr. Alvarez said, is for farmers to use the donated trees to begin a cycle of planting, harvesting and replanting that will maintain a standing forest.

But at first, even giving away the trees was not easy. Mr. Alvarez said residents were concerned that if they reforested their land it might be taken by the Mexican government as a monarch sanctuary. Mr. Small said that in 1986, when the government set aside land for the butterflies, communities that had been using those forests received no compensation.

Mr. Alvarez said that attitudes were slowly changing and that all 40,000 seedlings he delivered to El Rosario were immediately loaded onto burros and carried up the mountainside by farmers to plant on their land.

Conservationists agree that even next year's hoped-for planting of 100,000 trees is just a beginning, the equivalent of a mere 40 hectares (100 acres) of forest. They say the effort must grow considerably to keep the monarch sanctuaries out of harm's way in this poverty-stricken region. At least one similar reforestation effort is under way, run by the Mexican government.

Planting trees near the monarch sanctuaries may have benefits besides the obvious economic ones. As trees have been cut around the sanctuaries, stronger winds are howling through the reserves, drying the normally moist habitat and making the trees more prone to disease, Mr. Brower said. As trees are planted, he said, this potentially devastating problem should begin to disappear.

Mr. Alvarez said: "There are thousands of acres out there that have been transformed into corn or oat fields. I want it all to go back to forest. I think this is definitely the answer."

The Search for Early Man

A Field in Chile Yields New Clues to Peopling of Americas

By John Noble Wilford
New York Times Service

PUERTO MONTT, Chile — The clear, bubbling waters of Chichihuaqui Creek flow out of misty hills, past dark stumps of an ice-age forest and through green pastures, where cattle graze and from time to time a farmer still finds a huge mastodon tusk cropping out of the peat. No one standing by the creek today would suspect that this bucolic place, known as Monte Verde, was so recently the scene of a pitched intellectual battle among archaeologists over when people first inhabited the Americas.

The scars of excavation have disappeared. Lush grass grows over the filled-in trenches, where archaeologists had found the amazingly preserved wood, tied and knotted strings, hearths and even leftover mastodon meat of an ancient hunter-gatherer camp. The cookhouse and tent sites of the excavators are also gone without a trace.

Even the scars of battle seem to have healed. Last year, after two decades of acrimony, a blue-ribbon group of archaeologists reached a kind of peace treaty acknowledging the triumph of the Monte Verde excavators.

Their evidence had indeed established the site as the earliest firmly dated place of human habitation in the Americas. People had lived here 12,500 years ago, some 1,300 years before the previously accepted date for earliest known Americans, derived from stone spear points found in the 1930s near Clovis, New Mexico.

On a recent visit to Monte Verde, east of this seaport in southern Chile, Mario Pino, a geologist at the Southern University of Chile in Valdivia, leaned into the north bank of the creek and stabbed the dark soil with the pick end of a geology hammer. He exposed more pieces of wood from the camp where prehistoric humans once lived.

But the wood held less interest to him than a green knoll several hundred feet away, south of the creek. Pointing with the hammer, Mr. Pino said that cursory excavations there had turned up possible remains of human habitation at Monte Verde 20,000 years earlier than the camp oorth of the creek. Should this prove true, it would revolutionize research into one of the most intractable mysteries in American archaeology: Just when were the Americas first truly a New World, and how did people get here?

Mr. Pino and Tom Dillehay of the University of Kentucky in Lexington, the archaeologist who has directed the Monte Verde explorations, are planning

more extensive and systematic excavations of the knoll site in January 2001. Their strategy will be to strip away six feet of topsoil with a bulldozer, then begin fine-tooth digging in the lower layers where evidence of human activity has emerged.

"There's no doubt about the age. It's 33,000 years old," Mr. Pino said of the sediment layers bearing the apparent artifacts under the knoll.

The date, which would put the occupation during a warm interlude in the ice ages, is based on radiocarbon examination of burned wood that scientists suspect came from hearths at the hunting camp.

Archaeologists found the charcoal in three shallow depressions lined with scorched clay. Other hints of human occupation include 24 fractured pebbles, several of which were probably flaked by people using them to cut and scrape meat, hides and plants.

When independent archaeologists visited Monte Verde last year and authenticated the younger camp site, Mr. Pino said, they also examined the material from the deeper, 33,000-year-old layer. "They said there is no doubt these are real human artifacts," he said. "We were surprised. We expected another fight."

MR. DILLEHAY was somewhat more circumspect. "We'll open up that level and see what's there," he said. "If the results remain ambiguous, we will have done the best we could. But I'm leaning toward accepting the antiquity of the level and the traces of human activity."

David Meltzer, an archaeologist at Southern Methodist University in Dallas, who was a member of the review committee that endorsed the younger site, welcomes the new excavations. The older layer is "really intriguing," he said, "but we can't conclude anything about it until we have a better sense of what's there."

What is needed, Mr. Meltzer said, are excavations over a much larger area to increase the chances of finding many more artifacts and samples for radiocarbon analysis.

If these support the date and the presence of humans at the site, he predicted that other archaeologists would not be as slow to accept the findings as they had been with the first Monte Verde site.

"Of course, it depends on what they find," he said, "but this time archaeologists wouldn't be as resistant because now they are not operating within the framework of Clovis history."

Since the 1930s discovery of distinctive spear points of the so-called Clovis hunters, nearly all archaeologists staunchly held the view that the first Americans were big-game hunters who crossed the ice-covered Bering Straits between Siberia and Alaska some 12,000 to 13,000 years ago — that is, not long before the 11,200-year-old dates of the earliest Clovis weapons.

Before the Monte Verde breakthrough, several other presumed pre-Clovis sites had been reported, but none has yet met all the requirements to be judged an authentic human site dating earlier than the Clovis people.

Once archaeologists accepted the 12,500-year date for the younger Monte Verde camp, they were forced to rethink how long people had already been in the Americas for them to have made it all the way from North America to southern Chile, 800 kilometers (500 miles) south of Santiago.

Archaeologists are also puzzled by the absence so far of any confirmed human sites in North America that predate Monte Verde.

Archaeologists at Monte Verde, site of the oldest human artifacts in the Americas, hope that a second site in the same area will offer even older remains.

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LANGUAGE

Spellbound by the New Names?

By Natalie Angier

NEW YORK — Remember the old subway ads for stenography school? "If u cn rd this u cn gt a gd jb." Let's play a variant on the task, and trawl the following baby names into their conventional spellings. All were culled from recent state records, birth announcements and Web sites for parents: Jesyca, Traiseya, Aireel, Exevior, Imagine, Any, Kaydanne.

The first few are a breeze. Jesyca and Traiseya are obviously Jessica and Tracy. Aireel is Ariel, always a better name for a dreyed than a child, but so be it. My guess is that Exevior is Xavier. My hope is that Imagine is Imogene, rather than a rendering of Imogene.

Edward Callary, a linguist at Northern Illinois University who found the Any example in a local newspaper, hazards that it is a variant on Annie, though it could instead be a novel, feminine form of Enni, the Scottish nickname for Angus. Last on our quiz, Kaydanne is but a particularly chewy spelling of Caitlin, one of today's most popular and polymorphous girls' names, which also goes by Katalin, Katelynn, Caitlan, Caitlyn, Caitland, Kaitlind. ... Do you want me to stop yet?

As a rule, girls' names are subject to a greater variance in spelling than are boys' names, and the names of white children are likely to be more conventionally rendered than those of black children. No group, however, is immune to the trend of perpetual reinvention. Combining through state records for white boys born last year in Florida, Cleveland Kent Evans, an onomasticist at Bellevue University in Nebraska, found 11 different ways to spell Camer-

on, 15 different ways to spell Caleb and 18 ways to spell Jonathan.

Novelle spelling is part of a larger phenomenon of creative nomenclature generally. In this era of world music and global marketing, parents feel free to travel the planet for exotic names, never feeling a flicker of concern that it might sound pretentious to name their pale American children Asad, Elena or Natasha.

They invent names by merging parts of other names, as one contributor to a parents' Web site explained Jaylee: "My husband and I made it up by combining our names, Lisa and Jason." Last names become first names: Parker, Cooper, Maguire. Place names become baby names: Savannah, Richmond, Albany, Madison (or Madison, Madyson, Maddison, Madisein).

"The percentage of children being given the Top 10 names has drastically fallen in last 15 to 20 years," says Evans. "Michael is the No. 1 name for boys today, as it has been for years and years. But 20 years ago, 16 percent of all boys were named Michael. Now it's down to 2 percent."

Yet it is one thing to concoct a name from scratch or to discover something melodious in an old Hungarian church ledger. It is another to simply vary the spelling of a name that will, when spoken, sound thuddingly familiar.

"What difference does it make how you spell Brianna," says Evans, "if 17 kids come running when you yell it out on the playground?" And that means you, Briana, Breanna, Briona, Breona and Breanne.

William Safire is on vacation. Natalie Angier is a science writer for *The New York Times*.

Aiding Mexican Farmers
To Save Butterfly HabitatBy Carol Yoon
New York Times Service

NEW YORK — High in the mountains of central Mexico, monarch butterflies arrive by the millions each winter to take refuge, their black and orange wings festooning stands of towering fir trees. But conservationists have grown increasingly concerned about the butterflies as these small patches of forest, some of which were set aside as preserves, compete with the needs of the residents around them.

Now conservationists are trying to help the butterflies by helping the residents. In July, 40,000 trees were planted near El Rosario in the state of Michoacan in an effort to save the fragile habitat where monarchs congregate after their long flight south from the eastern United States and Canada.

Rather than becoming new roosts for monarchs, the newly planted trees are intended to be cut. The idea is to provide local farmers with trees to grow for firewood, construction and selling, leaving the monarch forests intact.

"The monarchs over wintering areas were really being hit hard," said Robert Small, who runs the Michoacan Reforestation Fund, a one-man fund-raising organization aimed at buying trees to reforest the mountaintops of central Mexico.

The local subsistence farmers "were poor and had to have wood to live on, and they would sell whatever they could," Mr. Small said. "We're trying to give them an economic alternative that they've never been offered before."

Mr. Small, a retired public administrator who runs the fund from his home in Oakland, California, raises money that is used by the La Cruz Habitat Protection Project, the Mexico-based arm of this conservation effort, to buy the trees. The project had a tentative start last year with the planting of 7,000 trees, most of which were killed by El Niño, according to Jose Luis Alvarez, the Mexican nurseryman who has overseen the planting.

Expressing frustration over the many previous failed attempts to stop logging in the area, Lincoln Brower, a biologist at Sweet Briar College in Virginia, said: "I've grasped at a lot of straws in the last 20 years, but Bob and Jose may really have found something. I don't see any alternatives that anyone has suggested that have as much promise as this one does."

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of trading Friday, August 28

Table below shows the performance of **Hendrickson's mutual funds** through Friday and includes the **4,000 funds** in terms of assets. There are **roughly 6,000 funds** currently listed on Nasdaq.

Group names are shown in **bold face**, with individual names in each group indented below. Funds are not part of the group if not **bold indented**.

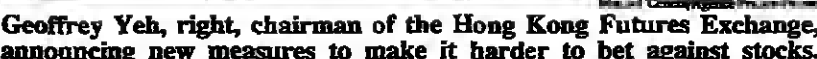
NW is the net asset value, i.e. the portfolio is divided by the number of shares outstanding. **NW** is calculated from the fund's previous Friday. **NW** will fall as sales or redemptions change. Change shows variation from the previous Friday.

Home Field footnotes: a = available only through contractual plan; o = no bond and no stock; c = deferred sales load; p = fund accepts are owned by a corporation; r = redemption fees or substantial deferred sales load may apply; i = footnotes p apply.

Price field footnotes: a = cap-weighted index; i = previous day's quotation; s = stock divided by a = cash dividend.

Compiled by Our Staff From Dispatches

The steps included heavier fees for large open positions and rules to allow the exchange to know who is holding



By impeding investors' ability to trade, Hong Kong — home to Asia's second-largest stock market after Tokyo — threatens to diminish the flow of money into its market and the rest of Asia at a time when raising new capital is vital.

won the bidding. The losers, besides Ford, included Hyundai and Daewoo Groups, South Korea's first and third-largest *chaebol*, or conglomerates, whose motor companies rank first and second, respectively, in South Korea. Samsung Motor, which began man-

Kia executives have indicated they want Ford to win the bidding, largely because Ford would attempt to rescue the company while South Korean manufacturers would merge Kia lines with their own. Kia, Korea's second-largest carmaker until last year, has made compact cars for Ford, notably the Festiva, which is sold locally as the Kia Pride.

By Sam Dillon
New York Times Service

next Thursday in Washington to discuss joint responses, and Finance Minister Pedro Malan of Brazil and Economy

The Mexican central bank has also removed increasing amounts of currency from circulation as a way of

Agence France-Presse

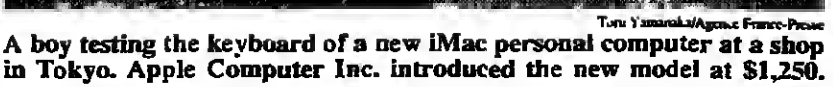
The 370 listed companies will be

55-stock Straits Times Index that will be value-weighted and will cover all sectors. It will trade on Monday beginning at 885.26 points, which was the closing value Friday and a 10-year low.

By Peter H. Lewis
New York Times Service

One of the more intriguing members of the autumn class is IBM's new Aptiva SE7, also called the Cobra. It is to go on sale in mid-September.

Columbus, Ohio, has just started selling a computer for \$399. That is believed to be a new low for personal computers running the Microsoft Windows 98 operating system.



For consumers whose desires and budgets intersect somewhere below the Cobra hut above the Power Spec, Intel also released last week a pair of new Celeron processors that will find homes

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[illegible]

5. Other Dollar Values

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Argentine peso	0.9599	Guinea drac.	313.10	Mex. peso	9.92	S. Afr. rand	6.61
Australian \$	1.268	Hong Kong \$	7.7495	N. Zealand \$	2.0869	S. Kor. won	151.93
Belgian franc	1.36	India rupee	227.07	Norw. krona	8.2092	Swed. krona	8.356
British pound	1.1663	Indones. rupiah	42.49	Phil. peso	43.61	Taiwan \$	24.39
Chinese yuan	1.082	Irish £	101.00	Polish zloty	32.61	Thai baht	41.72
Dutch guilder	35.49	Israeli S.	0.7126	Roman. lei	184.33	Turkish lira	276.220
French franc	6.483	Israeli N.	0.7282	Rus. ruble	N.Q.	U.S. dollar	3.6725
West. mark	2.4625	Israeli sh.	2.0489	Saudi riyal	3.7325	Venez. boliv.	579.27
N. Y. market	1.0859	Malay. ringg.	4.2003	Sing. S.	1.767		

Forward Rates

Currency	30-day	60-day	90-day	Country	1-4737	1-4888	1-4635
French Franc	1.6444	1.6417	1.6392	Swiss franc			
Canadian dollar	1.5728	1.5724	1.5715				
Dutch mark	1.7873	1.7859	1.7809				

Sources: ING Bank (Amsterdam); KBC

Bloomberg News

"If you sell, are you going to get cash or bad debt?," asked the company's president,

which helped its market share in Mexico increase to 68 percent last year from 57 percent in 1994.

When devaluations struck Asia last year, Coca-Cola bought a bottler in South Korea and increased standing in Thailand. This

RJR Nabisco Holdings Corp., the second-largest U.S. tobacco company, and Brooke Group Ltd. are raising the prices for their cigarettes in Britain to compete with

"Frankly, most American companies don't need to be in Russia," said Richard Rogers.

'Most U.S. companies don't need to be in Russia. It's not for the faint-hearted.'

the world's biggest soft-drink In fact, McDonald's open

ased spending in markets hit
valuations and economic woes,
mple, added bottling plants,
es and coolers in Latin Amer-
o's peso devaluation in 1994,
business in Russia, origin-

[illegible]

Lazare Kaplan International Inc., a New York-based company that cuts, polishes and sells diamonds, expects to benefit from the demand for outside currency. It has an agreement with the largest dia-

where it already runs more than 30 restaurants. A Russian res-

International Paper Co. is the largest U.S. paper company and the world's largest paper producer. The company said its earnings for the first quarter were "fully expected to be in line with the market's expectations."

at this year, now pending contracts that have been hung up by disagreements, said Lauren Kerr, a spokeswoman for Mobil Corp.

"Frankly, most American companies don't need to be in Russia," said Richard Rogers,

CAPITAL MARKETS ON MONDAY

'Irrational Exuberance' May Be Gone, but Don't Expect a Rate Cut

By Carl Gewirtz
International Herald Tribune

PARIS — In what looks increasingly like a downward spiral feeding on itself, the flight from financial risk continues to wreak havoc on asset prices from Tokyo to New York, from Oslo to Johannesburg, from Moscow to Mexico City.

And as fears mount that this massive repricing of asset values could move beyond causing local pain to inflicting global distress, analysts are looking to the United States to prevent a global meltdown through a substantial reduction in interest rates.

The dollar fell 2 percent against the Deutsche mark at the end of last week, its largest daily decline in three years, and analysts were uncertain whether this was in anticipation of such rate cuts or a harbinger of fundamental weakness. But even experts who believe a U.S. rate cut is

necessary do not believe it is imminent.

"Until the Federal Reserve Board focuses on the approaching economic slowdown and adjusts interest rates downward, the global outlook will get grimmer and grimmer," warned Jonathan Wilmut at Credit Suisse First Boston in London. But he acknowledged that with data still showing strong growth and unemployment low, "the Fed won't be able to act soon unless there is a dramatic sell-off on Wall Street."

Jan Loeys at J.P. Morgan in London said, "Rising risk premia across the world accompanied by tighter monetary policies by countries defending their currencies has tightened global monetary conditions. It is now up to the G-10 policymakers to offset this contraction."

But, he added, with incoming U.S. data showing still strong growth, the only near-term hope for Fed action "re-

quires a collapse in the U.S. equity market." Although stock prices fell sharply last week, the Dow Jones industrial average at 8,051.68 is only 13.8 percent below its record high set in late July.

For Thomas Mayer, Frankfurt-based

make it seem.

"Mr. Greenspan appears to have concluded that the Fed should not and could not counteract 'irrational exuberance,' and the corollary to that is that the Fed should not and cannot step in to prevent

For U.S. and German government bonds, prices are rising. But others are not faring so well.

analyst for Goldman Sachs, "the good news is that markets do adjust" from unsustainable levels. He said it remained to be seen whether the current setbacks were anything more than an overdue adjustment of values.

"Can financial market turmoil in the emerging markets bring down the United States and with it the European economies?" he asked. "I'd say that is not as likely as market operators would

the market from falling," he said, referring to a comment by Alan Greenspan, the Fed chairman, in December 1996, when the Dow was at about 6,400.

"The only justification for the Fed to step in," he added, "is if it were evident that there would be real consequences for the economy."

He agreed that such evidence might only become obvious after the damage had begun to bite. But for Mr. Wilmut

the real danger is that the United States will follow Japan, "doing too little, too late, with virtually no effect boosting business and consumer confidence."

Meanwhile, Mr. Loeys said, "people see more risk because risk premia are widening and it becomes a self-perpetuating downward spiral."

The revaluation of risk is working in two directions. For the most secure instruments — U.S. and German government bonds — prices are rising and yields are falling to record lows.

The yield on 10-year U.S. debt ended the week at 5.07 percent, compared with 5.31 percent a week earlier. The yield on the 10-year German Bund fell to 4.14 percent before closing the week at 4.20 percent, down from 4.23 percent a week earlier.

In contrast, risk premiums on other bonds — even those issued by countries such as Canada, Italy, Denmark,

Sweden and Spain — have widened as prices have fallen and yields have risen. This is a killing blow to one of the most popular investment plays of betting on convergence — the narrowing of interest rates relative to benchmarks.

Mr. Wilmut estimated that investors had sustained direct losses of roughly \$30 billion from the devaluation of the ruble and upheavals in the Russian market. These losses, he said, have been "compounded by secondary trading losses on other emerging market assets, as well as, in many arbitrage books on things like residual EMU convergence trades, bond swap positions and the like."

These upsides stemming from the sudden dramatic alteration in credit relationships are the way contagion is spreading from bonds to equities and from one country to another.

In Europe, a potential explosion is in the making with positions in the futures market for 10-year Bunds still nearly double the amount of bonds in the cash market that can be used to settle the contracts. Unless positions are rolled over, which is what normally would be expected, the demand for Bunds in the cash market could drive the yield below 4 percent, analysts warn.

While the situation remains dramatic, the size of the problem does appear to be lessening. Last week ended with 600,286 contracts outstanding for settlement Sept. 10, down from a high of 738,000 contracts in mid-August, but that still represents the cash equivalent of 150 billion Deutsche marks (\$85.3 billion), compared with only 77 billion DM worth of bonds in the cash market.

Bankers linked the apparent easing of tensions in the Bund futures to the sharp decline in short-term rates in the U.S. market. Three-month money for delivery in December fell 25 basis points, or a quarter percentage point, and yields on two- to five-year Treasury paper fell some 30 basis points, on expectations that the Fed would soon cut interest rates.

Although market rates for money from three months to 30 years are already below the Fed's administered overnight rate of 5.5 percent, Mr. Loeys insisted that an official rate cut would still revive confidence as it would demonstrate active management to arrest the spread of the crisis. "The feeling investors now have is that there is no major policymaker now in control working to stop the crisis."

But the sudden anticipation of a U.S. rate cut also contributed to the weakening of the dollar. Analysts have turned downbeat on the outlook after the dollar was unable to make strong gains versus the mark during the height of the ruble crisis. Bad news in Russia is supposed to be bad news for Germany and the mark. The dollar only got as high as 1.8138 DM but by week's end it had fallen to 1.7541 DM.

Traders said the dollar also suffered from fears that Latin America was being pulled into the turmoil.

The yen, meanwhile, has strengthened versus the dollar and the mark. The yen, the cheapest currency to borrow because Japan has the lowest interest rates in the world, is usually the vehicle speculators use to finance their positions. As these are unwound amidst the worldwide deleveraging of institutional investors, the yen is repurchased.

With the Nikkei stock index setting a six-year low and the end of the half-year accounting period fast approaching, traders speculate that Japanese investors have been selling U.S. and German government bonds and repatriating the profits.

Moreover, with money running for safety, that usually means going home. This is potentially bad news for the dollar, said Paul Meggyesi at Deutsche Bank in London.

"Countries with a sizable dependence on foreign capital will tend to struggle in an environment of extreme risk aversion and reduced cross-border capital flows as well as capital repatriation," he said.

"The world's largest debtor in value, terms is the United States, although in relative terms Canada, Australia and Sweden are much more heavily indebted," he added. He noted in passing that "the world's largest international creditors are Switzerland and Japan."

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Aug. 28. Prices supplied by Telekurs.

Rnk	Name	Cpn	Maturity	Price	Chg Yld
1	Austria	6%	07/15/08	103.7500	4.8200
2	Austria	6%	07/15/27	114.0000	4.8600
3	Austria	4.5%	07/15/03	100.7000	4.2700
4	Austria	5%	04/17/07	109.0500	5.3700

Rnk	Name	Cpn	Maturity	Price	Chg Yld
1	Denmark	7%	11/15/07	115.4900	6.0500
2	Denmark	8%	05/15/03	114.2500	7.0000
3	Denmark	8%	03/15/04	119.3000	7.2600
4	Denmark	7%	11/15/27	120.1900	7.2800
5	Denmark	6%	11/15/09	109.5000	5.9100

Rnk	Name	Cpn	Maturity	Price	Chg Yld
1	Germany	6%	07/04/07	113.2500	5.3000
2	Germany	5%	07/04/08	107.4500	4.8900
3	Germany	4%	07/04/08	103.7500	4.8900
4	Germany	4%	04/04/28	108.4513	5.1900
5	Germany	5%	07/04/27	112.0000	5.2400

Rnk	Name	Cpn	Maturity	Price	Chg Yld
1	Germany	4%	02/15/03	112.2100	4.4000
2	Germany	4%	05/15/02	112.4500	4.4300
3	Germany	4%	05/15/02	112.9500	4.4300
4	Germany	4%	05/15/02	112.9500	4.4300
5	Germany	4%	05/15/02	112.9500	4.4300

The Week Ahead: World Economic Calendar, Aug. 31-Sept. 4

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

Day	Event
Monday Aug. 31	Singapore: The new Straits Times index is unveiled. Tokyo: The Ministry of International Trade and Industry releases figures on industrial output for July. Ministry of Construction releases figures on housing starts for July.
Tuesday Sept. 1	Sydney: Reserve Bank of Australia policy-setting board holds monthly meeting. Tokyo: The Japan Automobile Dealers Association releases figures on domestic automobile sales for August.
Wednesday Sept. 2	Sydney: Government releases second-quarter growth report. Tokyo: The Bank of Japan reports the average interest rates for different types of deposits.
Thursday Sept. 3	Tokyo: The Management and Coordination Agency releases figures on household spending for July. Wellington: Economic Social Commission for Asia-Pacific Executive Secretary Adrianus Mooy arrives for government ministry talks.
Friday Sept. 4	Sydney: New Zealand and Australian foreign ministers meet for biennial talks. Manila: Bank Marketing Association of the Philippines holds national convention.

Rnk	Name	Cpn	Maturity	Price	Chg Yld
1	Germany	7%	12/22/02	112.3388	6.2400
2	Treasury	4%	04/23/03	110.4875	5.8800
3	Germany	6%	07/15/04	113.7500	5.9300
4	Germany	6%	07/22/01	111.0808	6.4500
5	Germany	3%	12/18/98	100.0100	3.5000

Rnk	Name	Cpn	Maturity	Price	Chg Yld
1	Germany	6%	05/21/01	111.7001	7.0000
2	Germany	6%	05/15/03	109.1200	5.5000
3	Germany	3%	03/19/99	101.5200	3.7500
4	Germany	9%	01/22/01	111.8875	8.0400
5	Germany	4%	07/15/08	106.6200	4.7200

Rnk	Name	Cpn	Maturity	Price	Chg Yld
1	Germany	5%	04/15/08	102.6428	4.8700
2	Germany	4%	05/20/99	101.8100	4.0200
3	Germany	4%	03/15/00	104.7181	4.2400
4	Germany	5%	07/15/99	102.9100	4.5400
5	Germany	4%	06/21/99	102.5300	4.7200

Rnk	Name	Cpn	Maturity	Price	Chg Yld
1	Germany	5%	07/15/08	107.0500	4.9000
2	Germany	6%	05/15/01	111.2000	7.4400
3	Germany	6%	07/15/01	111.6500	7.4800
4	Germany	5%	07/15/02	106.7000	5.9300
5	Germany	5%	07/15/01	107.1800	5.9300

Rnk	Name	Cpn	Maturity	Price	Chg Yld
1	Germany	5%	04/15/03	114.9500	7.1300
2	Germany	5%	02/15/07	110.5200	5.2200
3	Germany	5%	02/15/07	108.4000	5.2200
4	Germany	5%	02/15/07	113.8300	7.2500
5	Germany	5%	01/15/23	135.1000	5.5500

Rnk	Name	Cpn	Maturity	Price	Chg Yld
1	Germany	5%	04/15/03	103.0663	5.1000
2	Germany	5%	04/15/03	102.4545	4.8600
3	Germany	5%	01/28/99	103.8500	4.8100
4	Germany	4%	07/12/02	101.8500	4.4200
5	Germany	5%	07/12/02	98.8077	5.2100

Rnk	Name	Cpn	Maturity	Price	Chg Yld
1	Germany	5%	04/15/03	103.0663	5.1000
2	Germany	5%	04/15/03	102.4545	4.8600
3	Germany	5%	01/28/99	103.8500	4.8100
4	Germany	4%	07/12/02	101.8500	4.4200
5	Germany	5%	07/12/02	98.8077	5.2100

Corporate Bond Traders 'Hiding Under the Desk'

Debt Buyers Scarce, Even as U.S. Treasuries Soar

Bloomberg News

NEW YORK — Some of the top U.S. securities firms, stung by losses in Russian debt and concerned that even the A-rated bonds of U.S. companies will depreciate, are increasingly skittish in their traditional role as market makers for corporate bonds, investors say.

Wall Street's big traders are "hiding under the desk right now," reducing their purchases of bonds from money managers, said Michael Gardner, who helps manage \$30 billion of fixed-income securities at State Street Research & Management in Boston.

While government bond markets in Europe and the United States are having one of their best years of the 1990s, U.S. corporate bonds are suddenly perilous to hold. Russia's default on its ruble-denominated debt this week prompted traders to discount the bonds of some

developing nations by about 70 percent — leaving investors with millions of dollars in losses.

Securities firms do not want to buy new bonds "they know they can't liquidate or sell off immediately," said Michael Sanchez, who helps manage bonds at Hatzikiss & Wiley. Bids investors do get are often unrealistically low, money managers said.

Credit Suisse First Boston Inc. said last week that it had lost \$254 million in the past two months in emerging markets, mostly in Russia. As a result, even such esteemed borrowers as Citicorp are seeing their debt trade at widening yield spreads to the much-lower-yielding notes of the U.S. government.

Among the biggest traders, Goldman, Sachs & Co., Salomon Smith Barney Inc. and Merrill Lynch & Co. typically make markets in bonds they underwrite by always being ready to buy and sell them, although they are under no obligation to do so.

A Goldman Sachs spokesman said the company had traded hundreds of millions of dollars of corporate bonds late last week and was still making markets. Salomon and Merrill declined to comment.

The lack of interest from traders has left corporate bonds and Treasuries at the biggest yield spread in more than five years, according to a Merrill Lynch index. Citicorp's 7.25 percent notes due in 2008 were quoted at a yield of 138 basis points, or 1.38 percentage points, more than the benchmark 10-year Treasury note. A month ago, the notes yielded 80 basis points more than Treasuries.

Trump Atlantic City Associates' 11.25 percent bonds due in 2006 fell to 85 cents on the dollar from 98.5 in the past month. "You can buy something that you think is attractive today and tomorrow the spread will be even

wider," said Dean Kartsonas, who helps manage about \$5 billion at Federated Investors Inc.

Wayne Schmidt, who helps manage \$600 million of fixed-income securities at Advantus Capital Management in St. Paul, Minnesota, said he could not get a bid on some of the less frequently traded bonds in his portfolio.

Investors said they had difficulty finding bids from securities firms on bonds of Medtrist Cos. and Coastal Corp.

Unlike the stock market, where quotes are available all the time, corporate bonds trade over the counter. That means the price is often determined by a securities firm that does not have to disclose the trade to the public.

"It's not a heroic time anymore on Wall Street," said Jim Cusser, who helps manage \$20 billion in assets at Waddell & Reed in Overland Park, Kansas.

Traders' losses may have been worsened as they hedged their corporate bond investments by selling short U.S. Treasuries, investors said. In a short sale, traders borrow bonds and sell them, speculating that they will be able to buy them back later at lower prices.

The rally in Treasuries — the benchmark 30-year bond closed Friday at a price of 102 8/32, up from 100 19/32 a week earlier — means it has become more expensive for firms to replace notes they have already sold, so securities firms have "been burned very badly," said Jim Somers, who manages \$2.5 billion of bonds at Martindale Andrus & Co. in West Conshohocken, Pennsylvania.

"The spreads keep widening and the dealers have attempted aggressively to reduce their exposure in corporates," said U.S. Banks' Trading Losses.

Two more large U.S. banks have reported trading losses in Russia, but provided mixed signals about whether financial downturns elsewhere in the world might lead to more widespread problems. The New York Times reported.

BankBoston Corp., the 17th-largest bank in the country, announced a \$30 million pretax trading loss, although only \$10 million of that was related to Russia. Most of the rest was attributed to trading losses in Brazil and Argentina, according to the bank. BankBoston has one of the oldest and U.S. banking franchises in South America.

J.P. Morgan & Co., the nation's fourth-largest bank, announced that its exposure in Russia was \$160 million, well below the \$400 million that analysts believed the bank had. A Morgan spokesman said that the \$160 million figure was the result of trading losses in Russia, but declined to specify the size of the losses or what the bank's exposure was before the losses occurred.

New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (\$mil/bil)	Mot.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
General Electric Capital Corp.	\$400	2000	libor	100.012	—	Interest will be the 3-month Libor. Noncallable. Fungible with outstanding issues, raising total amount to \$875 million. Fees 0.05% (Paribus).
General Electric Capital Corp.	FF2,000	2000	pilbor	100.011	—	Interest will be the 3-month Pilbor. Noncallable. Fungible with outstanding issues, raising total amount to a billion francs. Fees 0.05% (Paribus).
General Electric Capital Corp.	ECU300	2000	libor	100.011	—	Interest will be the 3-month Libor. Noncallable. Fees 0.05% (Paribus).
Fixed-Coupons						
Formale Moe	\$2,000	2008	6	102.224	102.35	Senior unsecured. Noncallable. Fungible with outstanding issues, raising total amount to \$7 billion. Fees 0.12% (Latham Brothers Ltd.).
Federal Home Loan Banks	\$1,100	2008	5.80	99.745	—	Senior unsecured. Noncallable. Fees 0.01% (Salomon Smith Barney).
Montreal City	CA\$150	2008	6.336	100.35	—	Noncallable. Fees 0.30% (Morgan Stanley Dean Witter).
INT Finance Corp.	HK\$1,000	2000	10.95	100.10	—	Quarterly. Noncallable private placement. Fees not disclosed. Overnomination HK\$300,000 (Waring Gilbey Reed).

Last Week's Markets

Stock Indexes	Aug. 28	Aug. 27	% Chg
United States	8,051.68	8,051.68	-0.66
DJ Index	8,051.68	8,051.68	-0.66
FTSE 100	2,622.44	2,622.44	-0.28
Nikkei 225	13,915.18	13,915.18	-0.94
TSX 300	5,764.20	5,764.20	-0.29
Hang Seng	7,629.74	7,629.74	+4.81
World MSCI	961.26	1,040.57	-8.50

Euromarkets

Eurobond Yields					Weekly Sales				
	Aug. 28	Aug. 27	% Chg	Yr high		Primary Market		Aug. 27	
U.S. & long term	5.97	5.93	0.40	5.87		Credit alt.	Reserve		
U.S. & medium term	5.75	5.74	0.13	5.72	Straitights	3%	3.65	3.60	1.07/2.78
U.S. & short term	5.49	5.75	0.05	5.67	Comp.	6.50	2.75	2.80	15.0/0
Germany	4.40	4.40	0.00	4.40	Bearp.	10.00	2.75	2.80	144.7/0
French francs	4.40	4.40	0.00	4.39	Sept.	11.47/1.9	6.50	11.53/3.3	134.1/0.01
Swiss francs	4.40	4.40	0.00	4.39					
Danish kroner	4.39	4.38	0.23	4.29	Secondary Market				
British pound	4.39	4.37	0.55	4.27	Straitights	15.758/1	15.047	15.213	297.9/0
Scot. & long term	4.39	4.37	0.55	4.27	Comp.	1.04/0.7	1.04	1.04	30.6/0.0
Scot. & medium term	4.29	4.41	0.10	4.28	Bearp.	10.719/4	6.32/3	6.32/3	27.4/0.0
Scot. & short term	4.29	4.41	0.10	4.28	Sept.	9.450/7	7.99/1.1	7.99/1.1	26.2/0.0
Aust. & long term	4.25	4.36	0.18	4.18	Total	34.792/2	30.674/2	30.674/2	30.29/0
Aust. & medium term	4.25	4.36	0.18	4.18					
Aust. & short term	4.25	4.36	0.18	4.18					
Yen	7.14	7.13	0.03	7.02					
	7.14	7.13	0.03	7.02					

Source: *Londonstock* stock exchange.

Source: *Eurobond*, Credit Bank.

Libor Rates					Aug. 28				
	1-month	3-month	6-month	9-month		1-month	3-month	6-month	9-month
U.S.	4.25	4.25	4.25	4.25	French franc	3%	4%	4%	4%
Swiss franc	3%	3%	3%	3%	Scot.	4%	4%	4%	4%
Swiss franc	3%	3%	3%	3%	Yen	4%	4%	4%	4%
Swiss franc	3%	3%	3%	3%					

With Rosy Outlook for Airline Stocks, Why the Tailspin?

In a market that until recently was obsessed with corporate earnings—and now seems obsessed with nearly everything—few sectors have performed as peculiarly as airline stocks. Business conditions are extraordinarily good for carriers these days, yet airline stock prices have been falling for weeks. Kevin Murphy, an analyst at Morgan Stanley Dean Witter, spent some time last week, before the outcome of pilot contract negotiations at Northwest Airlines was known, to sort out the conundrum. He spoke with Kenneth N. Gilpin of The New York Times.

Q. Isn't it unusual that airline stocks are getting battered?
A. The fundamentals are very strong. We are likely to have record traffic and earnings for all four quarters of 1998. Pricing is good, and fuel prices are at record lows. All of those conditions have made this a very good year.
 And yet, since their July highs, the stocks have sold off by more than 20 percent. It seems to me that market sentiment is growing that conditions are as good as they can get and will only get worse. There were fears that the weak second-quarter gross domestic product number would lead to a real slowdown in the second half. But we are looking for the economy to snap back to more than 3 percent real growth in the last two quarters of the year.
Q. Are there other things that investors are not considering as they rush to sell airline stocks?
A. The market seems to be overlooking the fact that interest rates are still low. Traditionally, the up cycle for airline stocks ends when interest rates go up and earnings are disappointing. But interest rates have been steady to lower, and earnings continue to come in as expected or better.

Q. Can you give us an example of just how negative investors are at the moment?
A. Last month, when American Airlines and Delta announced earnings for the second quarter, both said they would buy back large amounts of stock, a total of more than \$1 billion worth.
 Stock buybacks in the airline industry are rare

because airlines need to spend so much of their cash on new aircraft. And they are doubly rare when the buybacks are of that magnitude. And yet, when they made the announcements, the stocks sold off.
Q. What will it take to get a shift in sentiment?
A. Until some of the volatility shakes out, it will be difficult for the stocks to mount a sustainable advance. However, between now and year-end, probably after third-quarter earnings numbers are released, we should get an investible trading rally.

INVESTING

Q. What is your outlook for third-quarter earnings?
A. Currently, we expect industry earnings will be up about 20 percent in the quarter. And we are out alone in this regard: The rest of the Street has not lowered any of their earnings estimates. And the companies have been saying that their view of the fundamentals really hasn't changed.
Q. Northwest Airlines is one carrier that doesn't seem to have terribly positive fundamentals working in its favor at the moment. They are looking at a major strike, and important Asian routes have

been hurt by the economic crisis in the region. The stock is not on your buy list, but you recently gave it an outperform rating. Why?
A. Historically, by the time you get to a strike, the bad news is already discounted in the stock. Moreover, times of labor disquiet have usually proved to be a good time to buy a stock.
 I think the strike is already priced into Northwest's stock, and I think the Far East is, too.
 American Airlines negotiated a contract where costs will go up about 10 percent over the life of the agreement; it was expensive, but the rest of the industry is coming up to where it is.
 As long as the economy remains solid, those cost increases in the long run get passed on to the consumer.

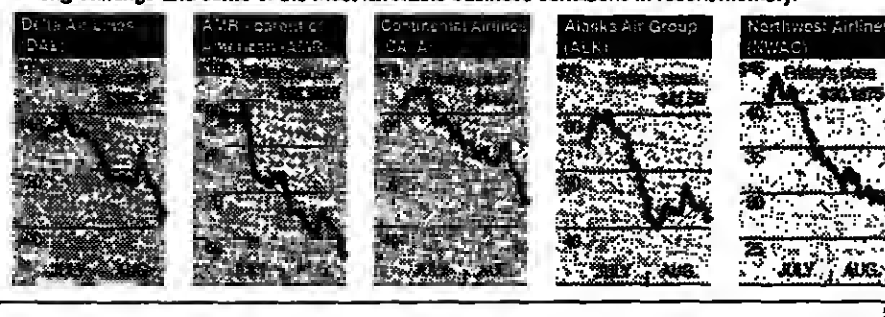
Q. Are there stocks you like better than Northwest?
A. We have outperform ratings on six carriers, including America West, Alaska Airlines and United. And we have strong buy recommendations on American Airlines and Continental Airlines.

Q. What makes those two stocks stand out from the crowd?
A. American's new computerized reservation system, scheduled to go in place in November, could add upward of \$200 million to revenues.
 Its alliance with USAirways, were it to go through, would also be beneficial, as would the proposed alliance with British Airways.
 Even though much of the turnaround in Continental's fortunes has taken place, we still like the stock. The pending alliance with Northwest should incrementally add to earnings next year.
 Continental continues to grow internationally, both across the Atlantic and in Latin America. It is adding new gates in Houston. And its regional jets and commuter flights are a definite opportunity to capture more of the business travel market.

Q. At this point, are there any stocks you would avoid?
A. At these prices, there is not much I would stay away from. It is hard to pick a company to short right now.

Unjustly Punished?

Airline stocks have taken a beating in recent weeks, some losing a quarter of their value, despite strong earnings and some of the most favorable business conditions in recent memory.



G-7: Industrialized Countries Urge Russia to Reform as Japan Proposes Summit Meeting

Continued from Page 1

exchange views on the situation in Russia. There has been no sign of concerted G-7 action in the wake of the collapse of the ruble last week.

The G-7 telephone consultations touched on the way share prices had slumped on global equity markets last week in response to political and economic turmoil in Russia, on issues regarding financial assistance to Russia and on the state of the Japanese economy in the context of the wider Asian crisis.

Speaking on Japanese television Sunday, Taiichi Sakai, head of the Economic Planning Agency, floated the idea of a G-7 summit meeting that would be held after Mr. Obuchi and Mr. Clinton meet in September. Commenting on the

situation in Moscow, Mr. Sakai said, "We hoped that Russia would achieve a market-oriented economy, but it didn't. In fact, it is a mafia economy."

In Washington, the U.S. deputy Treasury secretary, Larry Summers, declined to predict how markets might react. "You have a financial environment around the world with obviously very substantial risks in Russia and other places," he said, "and I think that enters into the judgment of investors. Markets will always fluctuate."

The G-7 consultations came amid growing concern that the effect of the Russian and Asian crises not only pose a threat to world markets but also could slow down global economic growth, perhaps by as much as a full percentage

point. This would reduce global growth to an anemic 2 percent. Last April, as Japan entered recession and the Asian crisis continued to worsen, the International Monetary Fund revised its world economic growth forecast for 1998 down to 3.1 percent from 4.3 percent.

Japan's inability to pull its economy out of recession means it cannot act as an engine of growth in the region, and this is materially a bigger problem than Russia's woes. But G-7 leaders are especially worried about Russia both because of its nuclear arsenal and because it is one of the world's largest producers of commodities such as oil and precious metals, the prices of which have been sinking to lows not seen in decades.

While Asia's crisis has been blamed

for the worldwide drop in demand for commodities that helped undermine the Russian economy, falling commodity prices in Russia may now come back to hurt Asia again, said Praduma Rana, a senior economist at the Asian Development Bank.

Since Asia's crisis began, global demand for oil has dried up, with world prices plunging to half what they were at the beginning of 1997. Demand for Russian steel in Asia, which once purchased more than a third of the country's steel exports, has also dwindled as many of the region's manufacturers go broke.

The troubles in Russia and Asia are also putting other emerging markets under pressure, with negative repercussions hitting key economies in Latin America.

Asked what kind of action he hoped for, Mr. Prodi said G-7 members in Europe and North America could consider moves to reflate their economies.

Asked about concerns that the spreading Asian and Russian crises could affect plans for the introduction next January of Europe's single currency, the euro, Mr. Prodi said he was not worried. He dismissed the weakening late last week of both the Spanish peseta and the Italian lira against the Deutsche mark as a market reaction to the global flight to quality among investors.

Thomas Crampton in Bangkok contributed to this article.

LATIN: A Contagious Crisis

Continued from Page 11

indirectly raising interest rates. Still, Mexican rates are far below the 50 percent-plus levels they reached in the wake of the 1994 peso devaluation, when businesses were strangled and the economy plunged into a two-year recession.

In Brazil, where the currency, the real, trades within a fixed band and is under assault by speculators who consider it overvalued by more than 10 percent, authorities have also been defying the currency. But there, too, they have so far acted with less vigor than during, for instance, the country's last crisis, a speculative attack on the real last October.

As in October, Brazilian authorities have freely sold off foreign reserves to defend the real. So far this month, economists estimate that about \$8.5 billion of the country's \$70 billion in reserves have been sold to prop up the real. And the authorities have made it easier for Brazilians to borrow money abroad.

But the central bank has not yet raised official interest rates from their current 19.75 percent, although offshore rates, set by commercial banks, have soared to 36 percent. Last fall, the authorities in Brasilia raised official interest rates from 20 to 41 percent to defend the real.

MARKETS: Is Bull in Trouble?

Continued from Page 1

Russia and Japan, essentially saying: "It would take years in most cases to fix the problems."

Others shared thoughts less publicly but conveyed a sense that the stock market had no real reason to go up given global uncertainties and weakening prospects for corporate profits.

John Lipsky, an economist at Chase Manhattan Bank, termed the confluence of world economic troubles "the most disquieting" he had ever seen, adding: "One of the key reasons is that the international crisis management system is itself in crisis."

It was not supposed to turn out this way.

Just a few years ago, market experts and policymakers saw a world in which capitalism had vanquished communism and free-market thinking would displace command-and-control economies. But resistance has set in. China is back in control of Hong Kong, and just last week the government stepped in to buy stocks and prop up prices in what was once one of the world's most free markets.

Japan, the wunderkind economy of the 1980s, seems incapable of rising from its late 1990s recession. Russia in the last few days is showing signs of that country's historic favoritism for state intervention in the economy.

Although Japan is by far the greater economic problem—Russia is a bit player on the world economic stage—it is the financial collapse in the former Soviet Union that seems to have really shaken Wall Street and Washington. That is because Russia still maintains a nuclear arsenal and is one of the world's largest producers of commodities such as oil and precious metals, the prices of which have reached lows not seen in decades.

If Russia is forced to export more of its commodities to earn foreign exchange to mend its finances, the pressure on other commodity-exporting nations will only intensify as prices for those goods are further depressed.

These developments are a long way from America's Main Street geographically, but not so economically or psychologically. Companies such as Coca-Cola Co. and Xerox Corp. depend heavily on markets overseas to sell their products. Falling oil prices worldwide hurt the earnings capabilities of companies such as Exxon Corp., still one of the largest employers and most widely held stocks in the United States.

One conviction underpinning U.S. stock prices throughout this bull market was the belief that American companies, more efficient in the wake of 1980s downsizing, would gain a large share of the emerging world's purchases of goods and services. That led to a frenzied buying of these stocks, which bid their prices up and forced companies to meet heightened profit expectations.

Among the biggest gainers also have been technology stocks. Partly that reflects the changing dynamics of the economy, one in which post-industrial products such as personal computers have supplanted old-fashioned items such as steel and glass. But technology companies also represent something else about the new economy: They are managed more loosely, their product cycles are much shorter, and their fi-

Low Values Yield No Bargains

Some Emerging Markets Funds Trade at Big Premiums

By Richard Teitelbaum
 New York Times Service

The collapse of emerging markets has yielded plenty of detritus, but none more curious than a clutch of closed-end stock funds that, to the great misfortune of their investors, still hold stocks in those cratered economies.

While the stock markets of countries like Russia, Indonesia and Thailand have so far this year fallen 83.2 percent, 15.6 percent and 41.3 percent, respectively, the closed-end funds that invest in these markets are trading at steep premiums to their portfolios' net asset values.

Closed-end funds normally trade at a discount to net asset value, and premiums are seen as a sign of optimism, which may seem odd given the downbeat sentiment on these markets. And these are not run-of-the-mill, single-digit premiums.

Shares in the Jakarta Growth Fund changed hands for 25 percent more than the underlying value of the fund's assets Friday. Its rival, the Indonesia Fund, traded at a whopping 72.8 percent above its net asset value. Shares in the Malaysia Fund went for a 44.8 percent premium, and the Tempesto Russia Fund traded at a 21.2 percent premium.

But top honors went to the Thai Fund, whose premium was an astonishing 92.1 percent. In other words, investors who bought that day were paying \$1.92 for every dollar's worth of securities in the fund.

Unlike their open-end cousins, closed-end funds issue a fixed number of shares, which are bought and sold on stock markets like shares of ordinary companies. They may trade at a premium or a discount to the portfolio value. By contrast, open-end funds always issue and redeem shares at net asset value; their share prices move with changes in the value of their portfolios.

So what justifies this spate of wild

optimism? Nothing, for there is none.

Instead, the prices of these funds have been skewed by a curious case of shareholder denial. Having already held on through such a disastrous sell-off, they feel no desire to bail out now, even if they realize that their battered shares are wildly overvalued compared with net asset value. "The philosophy of these guys is that they have no choice but to ride it out," said David Schachter, vice president of Thomas J. Herzfeld Advisors, a closed-end fund research firm in Miami. "It's because the losses are so enormous."

But some people, perhaps prompted by the fact that many of the funds are trading in penny-stock territory—are buying shares, seeing them as bargains. "You're really talking about the ones that are at \$2 or \$3 a share," said Mr. Schachter's boss, Thomas J. Herzfeld.

Ignorance on the part of investors plays a role, too, said Michael Porter, closed-end fund analyst at Salomon Smith Barney Inc.

"Many of them in this environment are totally unaware" of net asset values, he said. Those interested in buying into any of these markets might be better advised to seek out open-end funds or to buy the shares of emerging-markets companies, he added.

The premiums raise another question: Do they offer the chance for a short sale, in which an investor bets on a future decline in the price of a stock, in this case expecting fund shares to sink to reflect the value of the stocks in its portfolio?

Closed-end funds are notoriously tricky to short. "Most brokerage firms would not lend stock to customers to short," Mr. Herzfeld said. Also, the relatively small float of such funds makes it easy for others to engineer a "short squeeze," buying up enough shares to push the price higher and leaving the short-seller with no choice but to buy shares at inflated prices to cover the short position.

Many on Wall Street believe this process still has further to go. Some indication of just how much further can be derived by looking at the historical growth rate of corporate profits, which averaged about 6 percent for years before the bull market began.

From 1992 to 1997, however, profit growth ran nearly double that as companies restructured, merged with one another and enjoyed cheap credit. But the Commerce Department reported Friday that corporate profits suffered their first year-to-year decline in almost a decade during the second quarter of this year.

That decline can be attributed in part to slackening demand for goods from Asia, but also from domestic economic issues. With unemployment near historically low levels, companies need to pay more for workers, cutting into their profits.

Until a few weeks ago, strong consumer spending helped buoy the U.S. market even in the face of these headwinds from Asia and elsewhere. Wages have been picking up, interest rates are extremely favorable, and consumers have felt the "wealth effect" of swollen stock market gains.

INTERNET: Study Links Time On Line With Depression

Continued from Page 1

other users, chat rooms or electronic bulletin board postings.

Research on the effects of watching television indicates that it tends to reduce social involvement. But the new study, titled "HomeNet," suggests that the interactive medium may be on more socially healthy than older mass media. It also raises troubling questions about the nature of "virtual" communication and the disembodied relationships that are often formed in the vacuum of cyberspace.

Participants in the study used inherently social features like e-mail and Internet chat more than they used passive information gathering like reading or watching videos.

But they reported a decline in interaction with family members and a reduction in their circles of friends that directly corresponded to the amount of time they spent on line.

At the beginning and end of the two-year study, the subjects were asked to agree or disagree with statements like "I felt everything I did was an effort," and "I enjoyed my life" and "I can find companionship when I want it." They were also asked to estimate how many minutes each day they spent with each member of their family and to quantify their social circle. Many of these are standard questions in tests used to determine psychological health.

For the duration of the study, the subjects' use of the Internet was recorded. For the purposes of this study, depression and loneliness were measured independently, and each subject was rated on a subjective scale. In measuring depression, the responses were plotted on a scale of 0 to 3, with 0 being the least depressed and 3 being the most depressed. Loneliness was plotted on a scale of 1 to 5.

By the end of the study, the researchers found that one hour a week on the Internet led, on average, in an increase of .03, or 1 percent, on the depression scale, a loss of

2.7 members of the subject's social circle, which averaged 66 people, and an increase of .02, or four-tenths of 1 percent, on the loneliness scale.

The subjects exhibited wide variations in all three measured effects, and while the net effects were not large, they were statistically significant in demonstrating deterioration of social and psychological life, Mr. Kraut said.

Based on these data, the researchers hypothesize that relationships maintained over long distances without

face-to-face contact ultimately do not provide the kind of support and reciprocity that typically contribute to a sense of psychological security and happiness, like being available to baby-sit in a pinch for a friend, or to grab a cup of coffee.

"Our hypothesis is there are more cases where you're building shallow relationships, leading to an overall decline in feeling of connection to other people," Mr. Kraut said.

The study tracked the behavior of 169 participants in the Pittsburgh area who were selected from four schools and community groups. Half the group was measured through two years of Internet use, and the other half for one year. The findings will be published this week by The American Psychologist, the peer-reviewed monthly journal of the American Psychological Association.

Because the study participants were not randomly selected, it is unclear how the findings apply to the general population. It is also conceivable that some unmeasured factor caused simultaneous increases in use of the Internet and decline in normal levels of social involvement. Moreover, the effect of Internet use varied depending on an individual's life patterns and type of use. Re-

searchers said that people who were isolated because of their geography or work shifts might have benefited socially from Internet use.

Even so, several social scientists familiar with the study vouched for its credibility and predicted that the findings would probably touch off a national debate over how public policy on the Internet should evolve and how the technology itself might be shaped to yield more beneficial effects.

"They did an extremely careful scientific study, and

it's not a result that's easily ignored," said Tora Bikson, a senior scientist at Rand, the research institution. Based in part on previous studies that focused on how local communities like Santa Monica, California, used computer networks to enhance civic participation, Rand has recommended that the federal government provide e-mail access to all Americans.

"It's not clear what the underlying psychological explanation is," Ms. Bikson said of the study. "Is it because people give up day-to-day contact and then find themselves depressed? Or are they exposed to the broader world of Internet and then wonder, 'What am I doing here in Pittsburgh?'"

Maybe your comparison standard changes. I'd like to see this replicated on a larger scale. Then I'd really worry."

For example, the main focus of Internet use in schools has been gathering information and getting in touch with people from far-away places. But the research suggests that maintaining social ties with people in close physical proximity could be more psychologically healthy.

"There are two things the Internet can turn out to be, and we don't know yet which it's going to be," said Robert Putnam, a political scientist at Harvard University. "The fact that I'm able to communicate daily with my collaborators in Germany and Japan makes me more efficient, but there are a lot of things it can't do, like bring me chicken soup."

Christine Riley, a psychologist at Intel Corp., the giant chip manufacturer that was among the sponsors of the study, said she was surprised by the results but did not consider the research definitive.

"For us, the point is there was really no information on this before," Ms. Riley said. "But it's important to remember this is not about the technology per se. It's about how it is used."

SHORT COVER

Riyadh Rules Out

Currency Devaluation

RIYADH (AFP) — Saudi Arabia's central bank has ruled out a devaluation of the kingdom's currency and has said the bank retains a firm grip on the rial's movement, a local daily said Sunday.

The Al Iqtisadiya daily quoted an anonymous official of the Saudi Arabian Monetary Agency as saying that rumors that the rial would be devalued were unfounded.

OPEC Will Consider

Further Output Cuts

ABU DHABI (Bloomberg) — Obeid ibn Seif Nasser, the oil minister of the United Arab Emirates, said OPEC would consider further output cuts at its November meeting if existing reductions do not succeed in lifting oil prices from their current levels, the lowest in a decade.

The Organization of Petroleum Exporting Countries and other oil producers agreed in June to slash supply by 3.2 million barrels a day for one year to boost oil prices after a slump in Asian demand and a warmer-than-normal winter in the Northern Hemisphere caused an oversupply in the market.

Malayan Banking

Reduces Lending Rate.

KUALA LUMPUR (Bloomberg) — Malayan Banking Bhd., Malaysia's biggest bank, will cut its base lending rate for the fourth time in two months, to 10.3 percent from 10.9 percent, the state news agency Bernama reported.

The cut, effective Tuesday, comes just 12 days after Malayan Banking, or Maybank, last cut the key rate. It follows the bank's announcement last week that profit plunged 90 percent in fiscal 1998.

Bangkok Is Expected

To Privatize Firms

BANGKOK (AFP) — Thailand's government is set to approve a master plan for the mass privatization of state firms this week despite mounting resistance from industry activists, officials and analysts say.

The plan to be considered by the cabinet on Tuesday is part of Thailand's latest review of reforms sponsored by the International Monetary Fund that were approved last week and aim to lure foreign capital.

Record Jobless Rate

Is Expected in Korea

SEOUL (AFP) — South Korea's labor ministry warned Sunday that the country's jobless rate may surpass an all-time high of 8.4 percent by the end of this year because of falling economic growth prospects.

The ministry said joblessness would grow dramatically in the second half of this year if South Korea's 1998 gross domestic product shrinks further than an estimated 4.2 percent. South Korea's economy shrank an estimated 5 percent in the first half of 1998.

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Continued on Page 15

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SPORTS

Nebraska Overcomes Louisiana's Air Prowess

By Dennis Dodd
Washington Post Service

LINCOLN, Nebraska — Louisiana Tech was expected to play a cameo role as Nebraska, the defending NCAA co-champion, opened the college football season.

Nebraska got what it wanted — a 56-27 victory in the Eddie Robinson Classic — but the Bulldogs' wide receiver, Troy Edwards, and their quarterback, Tim Rattay, were the game's stars.

Edwards broke the all-division record for receiving yards in a game with 405 on 21 receptions, including touchdown catches of 94, 80 and 52 yards. Rattay was 46 of 68 for 590 yards; that was 100 yards more than anyone had ever passed for against Nebraska.

Edwards had said before the game that Nebraska's secondary was the weak point of its defense. After the contest, the Nebraska safety Mike Brown, a pre-season all-Big 12 Conference pick, said: "When you have 21 catches for 405 yards, you can say whatever you want. He was saying, 'You can't cover me. I'm the best.' He is the best."

The previous all-division record for receiving yards in a game was 370, shared by Princeton's Michael Lerch (in 1991 vs. Brown) and Alabama A&M's Barry Wagner (in 1989 vs. Clark).

Last season, Edwards caught 102 passes for a nation-leading 1,707 yards and 13 touchdowns, and Rattay completed 293 of 477 passes for 3,881 yards and 34 touchdowns and led the nation in total offense. The Bulldogs went 9-2, the best record in the nation for an independent, including a victory at Alabama.

But despite the Bulldogs' passing game, Frank Solich, who took over as Nebraska's coach when Tom Osborne retired after last season, won his debut. "I just wanted to get that kickoff going," he said. "I was glad to run onto that field."

Bobby Newcombe, Nebraska's new starting quarterback, threw his first touchdown pass on the third play of the game, a 46-yard strike to tight end Sheldon Jackson, and Nebraska sprinted to a 35-6 lead at halftime.

But Rattay led a comeback that cut the lead to 35-21 in the third quarter and easily surpassed the record for passing yardage by a Nebraska opponent, which Kansas State's Chad May had set with 489 in 1993. But it was still the Huskers' 15th straight victory and their 43d in a row at home.



Mark McGwire, left, being restrained by St. Louis third-base coach, Rene Lachemann, as manager Tony La Russa confronts umpire Sam Holbrook. Holbrook had just ejected McGwire for arguing a called third strike.

McGwire Loses His Temper and a Game

By Richard Justice
Washington Post Service

ST. LOUIS — They'd come in campers and in station wagons and trucks. They'd come from the suburbs and from surrounding states. The University of Indiana basketball coach, Bob Knight, was here. So was the Hall of Fame pitcher Bob Gibson. All came to catch a glimpse of Mark McGwire's pursuit of Roger Maris.

McGwire's parents had flown in from Southern California. His son, Matthew, served as bat boy. And on this splendid afternoon, perfect for baseball and history, there was only one hitch: Mark McGwire lost his temper and got kicked out of the game — in the first inning.

Before all of the 47,627 fans had settled into their seats at Busch Stadium, McGwire all but forced the home plate umpire, Sam Holbrook, to eject him from the game for loudly and profanely arguing a called third strike.

Holbrook all but apologized for the ejection afterward, saying he realized what was on the line for McGwire. But, he added, McGwire brought on the ejection by violating baseball's basic rules against arguing balls and strikes. "I wanted him three times," Holbrook said. "I listened to what he had to say. The furthest thing from my mind was ejecting Mark McGwire. I bent over backwards. At some point, I had to draw the line. I tried to walk away, and he kept coming back around."

Even McGwire agreed, saying: "Did I cross the line? Yes, I probably crossed the line. I own up to it." McGwire tried to cross more than one line. He had to be restrained from going after Holbrook, and at various times flung aside both the St. Louis Cardinals' manager, Tony La Russa, and their third-base coach, Rene Lachemann, like they were stuffed toys.

As he left the field, he flung his red batting helmet toward the pitching mound. La Russa had been ejected before McGwire. The Cardinals' pitching coach, Dave Duncan, was also sent to the clubhouse early for yelling or gesturing at Holbrook.

That quickly, an afternoon that had begun with the electric atmosphere of a playoff game turned both bizarre and ugly. There would be no 55th home run. There would be no memorable matchup with the Atlanta pitcher, Tom Glavine.

The scene was bizarre because it seemed unthinkable that McGwire would be kicked out of a game when so much is riding on these final weeks of the season. It was ugly because fans reacted by littering the field with baseballs, golf balls, plastic bottles, Frisbees and a variety of other debris.

Finally, after the field was cleaned up and fans were finished with the booing, the game became routine, with the Braves winning, 4-3. Glavine (18-5) became the first National League pitcher to win 18 games.

Most fans will remember none of that. They will remember the bottom of the first inning when Glavine threw McGwire a full-count change-up. With the pitch low and away — possibly but not clearly out of the strike zone — McGwire took three or four steps out of the batter's box, apparently believing he'd been walked.

When he realized Holbrook had called a third strike, he turned quickly and got in the umpire's face.

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Chasing the Record

Home run tally for two contenders to break the season record of 61 homers set in 1961 by Roger Maris (right).

MARK MCGWIRE
54 0-1, ejected in first inning vs. Atlanta on Saturday

SAMMY SOSA
54 Hit homer in first inning vs. Colorado on Sunday

Maris through 136 games: 53

Clemens 2-Hits Twins As Blue Jays Roll, 6-0

Victory Is 3d Straight Shutout for Toronto Ace

The Associated Press
Roger Clemens pitched a two-hitter for his third straight shutout and extended his scoreless innings streak to 29 on Sunday, leading the Toronto Blue Jays to a 6-0 victory over the Minnesota Twins. Clemens (17-6) hasn't lost since May 29. The blanking of the visiting Twins

Baseball Roundup

followed three-hit shutouts over Seattle and Kansas City. The 36-year-old right-hander walked three and struck out seven in his fifth complete game this season.

Clemens, who reeled off 11 straight victories last season en route to winning his fourth Cy Young Award, is unbeaten in his last 17 starts. He was coming off an 18-strikeout game against the Royals.

Devil Rays 10, Tigers 6 In Detroit, Rolando Arroyo pitched seven shutout innings for his first victory since July 16 and Bobby Smith homered as Tampa Bay beat the Tigers.

Aaron Ledesma had four RBIs for the Devil Rays, who won three of four from Detroit to move 1½ games ahead of the Tigers in a race to avoid the AL's worst record. Detroit has lost four of six and 21 of 27.

Arroyo (12-11) allowed just three singles with four walks and five strikeouts. The 30-year-old rookie was 0-5 in his previous seven starts.

Royals 3, Orioles 2 Kansas City completed its first sweep of Baltimore since 1991 and stretched the Orioles' losing streak to seven games.

Mendy Lopez had two RBIs in a three-run fifth inning that lifted the visiting Royals to their ninth triumph in 11 games. Kansas City named three double plays and had eight in the three-game series.

Mike Bordick homered for Baltimore, which has endured three losing streaks of at least seven games this season. The Orioles' starter, Juan Guzman (8-14), struck out eight in seven innings, but four of the six hits he allowed came in the pivotal fifth inning.

Kansas City, held to one hit through four innings, took a 3-2 lead in the fifth. Jeff Conine doubled and Mike Sweeney singled before Lopez hit a two-run

double and Hal Morris blooped a run-scoring single to center.

Angels 8, Red Sox 6 In Boston, Garret Anderson homered and drove in three runs as Anaheim won its second straight series against a possible playoff opponent.

The Angels, who took two of three games from the Red Sox after winning three of five in New York earlier in the week, built a 7-2 lead with two runs in the second, four in the third and one in the fourth. Mo Vaughn hit a three-run homer. John Valentin had a two-run homer and Nomar Garciaparra added a solo shot for Boston.

The Boston starter, Tim Wakefield, (15-6) had his worst start of the season, giving up seven runs and six hits in 3½ innings.

Shigetoshi Hasegawa (7-3) pitched 3½ innings of scoreless relief for the victory after the starter, Jeff Juden, couldn't make it through the fifth. Troy Percival pitched the ninth for his 38th save.

In games played Saturday:
Yankees 11, Mariners 6 At Yankee Stadium, Bernie Williams drove in four runs and Derek Jeter homered and scored four runs as New York became the first club to clinch a playoff berth. The Yankees, who beat the Mariners, 10-3, on Friday, built an 11-0 lead after four innings en route to their 98th victory.

Andy Pettitte (15-8) benefited from the early run support to stop a personal two-game losing streak. The left-hander allowed five runs and eight hits — including three homers — in six-plus innings. Ken Griffey Jr.'s AL-leading 45th homer was the lone bright spot through six innings for the Mariners.

Redskins 7, Colts 3 In Denver, Sammy Sosa didn't homer but Larry Walker and Kurt Abbott of Colorado did. Bobby Jones pitched seven strong innings.

Sosa remained at 53 homers Sunday but clinched his 54th Sunday, a towering two-run blast in the first inning off Colorado's Darryl Kile. The blast tied him with Mark McGwire for the major-league lead.

Astros 6, Pirates 3 Bill Spier hit an inside-the-park home run and Jose Lima pitched 7½ strong innings as host Houston beat Pittsburgh. Lima (14-6) allowed seven hits, struck out seven and didn't walk a batter en route to his sixth straight victory.

Expos 3, Padres 1 Dustin Hermanson limited the host Padres to three hits in 7½ innings and hit his second career home run as Montreal beat San Diego despite striking out 17 times.

Giants 4, Brewers 3 Fernando Vina committed two errors in the ninth inning to allow Arizona to rally past visiting Milwaukee. Bob Wickman (6-3) walked Tony Batista to open the inning. Devon White followed with a sacrifice bunt that Wickman fielded and threw to Vina covering first, but White was safe when Vina dropped the ball.

Gonzalez Propels Steelers to Victory

The Associated Press

Pete Gonzalez, the best of the Pittsburgh Steelers' four quarterbacks during the pre-season, led two fourth-quarter scoring drives as Pittsburgh beat the Carolina Panthers, 38-24, to conclude the National Football League exhibition season.

Gonzalez, given little chance of making the Steelers' roster after starting only one year at the University of Pittsburgh, finished an 80-yard drive by hitting Andre Coleman with a five-yard pass for a go-ahead touchdown with 9:26 to play in Pittsburgh on Saturday.

Mike Quinn, Gonzalez's rival for a spot on the roster, was sacked five times while going 7-of-13 for 56 yards. Gonzalez was 8-of-10 for 110 yards.

Cardinals 21, Raiders 14 Michael Pittman ran for his third touchdown, a 4-yard burst with 44 seconds remaining, to give Arizona a 21-14

victory in Oakland. Both teams pulled their starters after the first quarter.

Oilers 16, Broncos 13 Al Del Greco kicked three field goals as Pittsburgh beat off Denver for its first victory in Nashville.

Even though the Broncos (3-1) lost for the first time since Dec. 15, they scored on the only series in which John Elway played quarterback.

Patriots 24, Eagles 7 Philadelphia (1-3) completed a painful exhibition season in Foxboro, Massachusetts. While New England (3-2) outscored its opponents 65-27 in winning its last three games, the Eagles totaled just 308 yards in losing their last two games by a combined score of 47-13. They suffered six sacks and four turnovers Saturday.

Dorsey Levens, the Green Bay Packers' Pro Bowl halfback, accepted a one-year contract and ended his training-camp holdout.

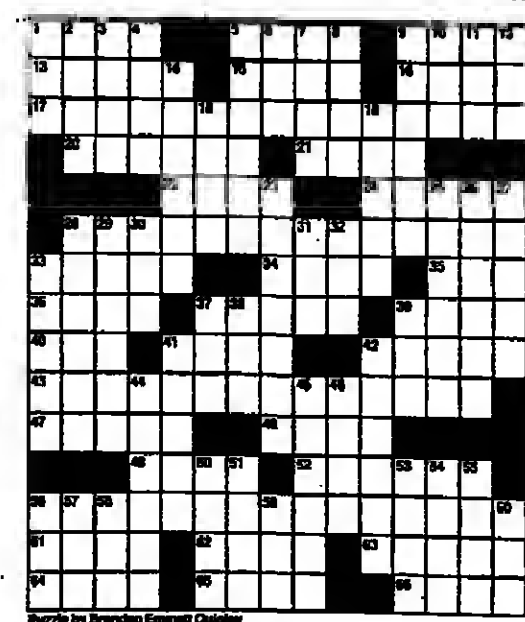


A LITTLE JOY — Pitcher Todd Frazier reacting after his team, Toms River, New Jersey, beat Kashima, Japan, 12-9, to win the Little League World Series on Saturday. Frazier led off the game with a home run and pitched the last two innings.

CROSSWORD

ACROSS
1 Moistureless
5 Feeling for the unfortunate
9 Onetime late-night host
13 Provide with a new soundtrack
15 Nabisco favorite
16 Wheel rod
17 Ice cream flavor
20 Vulgarly
21 Lee cakes
22 Neither mesc, nor fern
24 Too many cooks spoil the broth, e.g.

25 Ice cream flavor
26 Model airplane
34 Team at Shea
35 Massachusetts' Cape
36 Ad (improvises)
37 Mocks
38 Sewing case
40 Brew
41 Grab hold of
42 \$1.00 a dozen, say
43 Ice cream flavor
44 Mister, in Mexico
48 Argue (with)



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Solution to Puzzle of Aug. 28
GENERAL HOSPITAL
UNANIMOUS CHOICE
TOTAL ABSTAINERS
PET MET IDES
BULLY ATOZ
EPES NILED DELTA
ARCS RIM RODS
ROTS SOLACER SOS
DOOM TO GOD GATE
STREAMEBO SAGER
OVER AVERT
WINE TAP NYO
ABOVE THE WEATHER
RAN AT TEMPERATURE
PROCEISSED CHIEF

DOWN
1 Corner's path
2 20's-30's cars
3 Someone who's looked up to
4 North Carolina school
5 Charlatan
6 Lyricist Gerstwin
7 Change for a twenty
8 "Star Wars" sage
9 Independence Day event
10 Pink-clip
11 Pie — made
12 Rock group with the 1994 #1 album "Monster"

58 Comic book punch sound

59 Meke (out)

60 Item for Little Jack Horner

61 Judge Lance

62 Barbie's beau

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BOOKS

SKATING TO ANTARCTICA A Journey to the End of the World

By Jenny Diski. 250 pages. \$23.95. Ecco.
Reviewed by David Nicholson

A FEW pages into this memoir, I sighed with discouragement, overwhelmed at the prospect of having to spend three or four days with another angst-ridden account of growing up with dysfunctional, abusive parents.

And then I came on this refreshing passage: "Whenever, in the past 30 years, people have asked, as they do in the regular way of introductory conversations, about my parents, my answer has been that my father died in 1966 and that I haven't seen or heard from my mother since the same date. Often, incongruously to my mind, they would subsequently ask me if she is still alive."

"I don't know," I would reply, because I didn't.

"But don't you want to know?" "No."

"You must find it disturbing."

"No, I find it delightful."

Most of us either love our parents or think we ought to. And many of us, especially in this feel-good culture of quick fixes and instant gratification, spend years trying to come to terms with them. Certain families are, however (as R.D. Laing famously said), machines for breeding insanity. And the fact of the matter is that some parents — like the British writer Jenny Diski's — just aren't worth the effort it takes to work through to forgiveness.

After reading the parts of Diski's

memoir that deal with her parents — the rest of the book really is about going to Antarctica — you understand why she felt happier not knowing what had happened to her mother.

Diski's mother, Rachel, also known as Rene, was a hysteric, prone to fits of outrageous acting-out. She'd cry, scream, wail, threaten, lie in bed for days at a time. "Her resentment and disappointment lived on the surface of her skin... ready to flare at any moment."

Once, after she and her husband, James, separated, Rachel/Rene saw him in a London subway station. She "chased him with the knife she kept in her handbag expressly for the purpose of killing him should they ever meet by chance."

"He," Diski laconically reports, "outran her."

That instance of practicality aside, Diski's father wasn't particularly suited to be a parent himself. He was a charmer, "beguiling" to his daughter. Years later, though, when Diski began to delve into her past at the instigation of her daughter she wondered whether he hadn't just been practicing on her.

One of the things she found out was that her father had been a con man, wheedling money from lonely women in exchange for promises of romance.

While he never told the young Jenny (as her mother did) that "if I'd known how you were going to turn out, I would have strangled you at birth," he was prone to his own moments of high drama. Twice, he attempted suicide when Diski was a child. The last time Diski saw him (she was almost 20), he took her to lunch and gave her a letter, asking her not to open it until after his death. She read it —

a suicide note — immediately. James died, a year later, of a heart attack.

A couple of things save this book from being a catalogue of misery: Diski's strength and self-evident sense of humor and the sections dealing with her passage to Antarctica.

For Diski, Antarctica represented comforting oblivion. She'd first begun to seek that oblivion during her third year — at 23 — in a psychiatric hospital. Getting to Antarctica — "white and ice for as far as the eye could see... my white bedroom extended beyond reason" — wasn't easy, though.

From the British Antarctic Survey she learns that only scientists get sent to Antarctica "for serious scientific purposes." When she asks, "Have you considered having a writer in residence?" the conversation abruptly ends.

But what about Diski's journey on a Russian research vessel turned cruise ship, the elephant seals and the "heroic" penguin, alone on a floating iceberg, the birds who were her shipboard companions, on deck with their \$1,000 binoculars, oblivious to the wind and the cold?

It doesn't matter. Go straight out and get this beautiful book. Read it, even though it will break your heart. At its core, there is evidence of a fierce will to survive and an intimate knowledge of this fundamental truth: Some things we can't change. These we can only learn to live with.

David Nicholson, a writer in Washington, reviews books regularly for The Washington Post.

BRIDGE

By Alan Truscott

In the diagramed deal, GIB bid to an optimistic three no-trump and had to play well to survive. The contract would have been doomed if West had held one of the missing aces, but he held neither. The spade king was led, and South held up his ace for one round, winning the second.

The heart king was led, and East took his ace and, for want of anything better, returned the suit. South took its heart winners and three top diamonds, ending with the lead in the closed hand in the tricky position shown at right.

GIB is extremely efficient in endings and made a play that would elude most players. After leading the diamond nine, it threw the club 10 from the dummy.

If dummy had thrown the

eight, East would have been able to lead a low club effectively. He tried that anyway, but GIB produced the nine and had a diamond winner as his ninth trick.

West led the spade king.

West led the spade king.

West led the spade king.

West led the spade king.

West led the spade king.

West led the spade king.

West led the spade king.

SPORTS

Australia
Fights Back
To Sweep
All Blacks

The Associated Press
SYDNEY — The All Blacks' coach, John Hart, facing a harsh reaction at home following a record losing streak, is set to stay in charge of New Zealand's rugby team through next year's World Cup.

The All Blacks' seven-test season ended Saturday when Australia sent them to a fifth-straight loss for the first time in New Zealand rugby history.

The Wallabies' 19-14 victory at Sydney Football Stadium completed their first 3-0 sweep of the annual series against the All Blacks for the first time since 1929.

The All Blacks also lost two matches against South Africa to come in at the bottom of the Tri-Nations competition.

Hart said: "I'm sure there'll be plenty of speculation, New Zealanders will always speculate on rugby, but I'm looking forward to the World Cup."

The lack of any outstanding challenges will likely help Hart achieve his goal of taking the All Blacks to the World Cup, which is to be held by Wales in November 1999, and his team will get a chance to regroup before the losing streak gets tested by France early next year.

The retirements of Sean Fitzpatrick, Zinzanne Brooke and Frank Bunce hit the All Blacks hard this season, and the team lacked its usual fiber Sunday, surrendering an 11-0 halftime lead as Australia scored a dramatic victory.

The Australian fullback Matthew Burke kicked poorly but scored the winning try seven minutes from time. He kicked a broken shoulder in landing over the try line.

The Wallabies had looked in control against a strangely undisciplined All Blacks squad. The New Zealand forward play, John Eales, Australia's captain and lock forward, took over the goalkicking from Burke in the second half and punished the All Blacks with four penalty kicks. He also converted Burke's try.

"Some of the times we had clean breaks and threw the ball away, made little knock-ons, had kicks that were pretty aimless and gave the ball to the opposition when we should have put the pressure on," Hart said.

Hart refused to criticize the fly-half Andrew Mehrtens for kicking during most of the All Blacks' possession, rather than passing the ball to his backs.

Hart was forced to try 10 new All Blacks during a season that never got moving despite two early victories over a weak England club.

"It's been a hard year and certainly a hard few weeks," Hart said. "I don't think they've forgotten how to win — they're just finding it hard to win at the moment, which is part of the experience that we've lost, that ruthlessness."

The Australian coach, Rod Macqueen, said he felt sorry for Hart, who was never one to share that sort of emotion for a rival when the All Blacks were on top. The Wallaby captain, John Eales, who kicked four penalties and a conversion after replacing Burke as kicker, said: "That clean sweep means a lot to us, especially coming from behind."



Karlheinz Riedle of Liverpool, left, maneuvering the ball away from Nikolas Dabizaz of Newcastle United.

Newcastle Falls in Gullit's Debut

Owen's 3 Goals Within 15 Minutes Lift Liverpool to a 4-1 Victory

Compiled by Our Staff From Dispatches

Ronald Gullit's debut as the coach of Newcastle United wasn't much of a success.

Michael Owen scored three goals in 15 minutes — including two in 85 seconds early in the game — as Liverpool thrashed Newcastle, 4-1, on Sunday in the English Premier League.

The victory moved Liverpool into first place with seven points, the same as Aston Villa, but Liverpool has superiority on goal difference. Nottingham Forest is third with six points.

Gullit, the Dutch soccer great who replaced Kenny Dalglish as Newcastle's last Thursday, jotted notes and watched the match impassively from the grandstand in the first half. He moved to the bench for the second half when Newcastle looked more poised, although Liverpool didn't press its advantage.

"I knew that it was going to be like this, but I just wanted to see it with my own eyes," Gullit said. "It will take some time to do something about it."

Villa won, 1-0, at Sheffield Wednesday on Saturday. Julian Joachim scored the only goal with a powerful, swerving shot from outside the penalty area. Mark Bosnich, the Villa goalkeeper, made a series of good saves to preserve the lead.

Arsenal, the Premier League champion, was held to a 0-0 draw by Charlton. One of Arsenal's World Cup winning midfielders, Emmanuel Petit of France, was sent off.

GERMANY The midfielder Stefan Effenberg scored twice to help Bayern Munich start its defense of the Bayern Cup with a 5-0 demolition of an amateur club, LR Ahlen, on Sunday.

Seventeen other first division clubs played over the weekend, all advancing to the second round.

Some struggled, notably Borussia Dortmund, which needed a penalty shoot-out to knock out the amateur club Saarbrücken on Friday.

Werder Bremen and TSV 1860 Munich had to wait until extra time to qualify, beating the amateurs of Bayer Leverkusen and the third-division club VfB Leipzig respectively.

FRANCE Olivier Echouafni scored Strasbourg's first goal of the season.

WORLD SOCCER ROUNDUP

to earn his team a 1-1 draw at Rennes on Sunday. Echouafni scored in the 39th minute after a free kick by the former France international midfielder, Corentin Martins.

Rennes had won its two previous home matches and would have climbed to third in the French league if it had won. It went ahead in the 29th minute when the striker Nicolas Gousse netted the rebound after a shot by Shabani Nonda hit the post.

Echouafni's goal left Metz, which finished second last year, the only team without a goal in its first four matches.

Metz lost, 2-0, at home on Saturday to Bordeaux, which opened a two-point lead in the standings and is the only team boasting the maximum number of points.

Second-place Marseille dropped its first points in a 0-0 draw at Le Havre on Saturday.

NETHERLANDS Goals from Igor Korneev and Peter van Vossen gave Feyenoord Rotterdam a 3-1 victory over MVV Maastricht on Sunday. Feyenoord joined Ajax Amsterdam, SC Heerenveen and FC Utrecht on six points from two games. Utrecht leads the Dutch Premiership on goal difference after beating Cambuur Leeuwarden, 3-0.

SPAIN The Spanish champion Barcelona opened its season with a 0-0 draw at Santander on Sunday.

On Saturday, Miguel Angel Angulo scored midway through the second half and gave Valencia a 1-0 victory over Atletico Madrid to open the Spanish first-division season.

The goal gave Claudio Ranieri a victory in a battle between two Italian coaches making their debuts with new clubs. Arrigo Sacchi has taken over at Atletico and earlier this week he sold the Italian striker, Christian Vieri, to Lazio after he fell out with the new coach.

ITALY Lazio beat Juventus, 2-1, on Saturday to win the season-opening Supercup in Turin.

Pavel Nedved gave Lazio a first-half lead. The Juventus striker Filippo Inzaghi was sent off in the 63rd minute, but the Turin team equalized in the 87th minute with a penalty from Alessandro Del Piero.

Sergio Conceicao delivered victory to Lazio in extra time with a goal in the 93rd minute.

SCOTLAND The veteran striker Ally McCoist scored three times as Kilmarnock beat Hearts, 3-0, on Sunday. Hearts had been the only unbeaten team in the new Premier League.

UNITED STATES Major League Soccer joined the National Basketball Association as the only U.S. professional sports leagues to have women as game officials. Sandra Hunt, 39, and Nancy Lay each worked their first games on Saturday.

Hunt ejected a player from each team and the Chicago Fire beat the Kansas City Wizards, 3-2, in a shootout. She ejected the Kansas City captain, Mo Johnston, and a Chicago defender, C.J. Brown, for violent conduct. Lay made her debut in the game between the New York-New Jersey MetroStars and the Burn in Dallas. (AP, AFP, Reuters)

Rod Laver Is Facing
His Greatest Challenge

Grand Slam Winner, 60, Battles a Stroke

By Bud Collins

The Boston Globe Service

BROOKLINE, Massachusetts — There's no shortage of tapes of red-headed Rodney (Rocket) Laver in his racket-flapping prime, swooping to conquer like an avenging firebird. He flies yet on the neural tape decks of all those who savored his performances.

But now there's another tape of a near-defeat that he does not care to see, even though Rod can be objective enough to recognize its value. Not to sports, but to mankind.

"The doctors tell me it's unique," he says, "and it can help understand what I and a lot of others have gone through. And will go through."

Laver's voice is coming through the phone from his home in the Palm Springs, California, area. There — "home, free from the hospital at last" — he's recuperating from the stroke that almost killed him July 27.

His voice is unmistakable. Soft, tinged with the inflections of a Queensland farm boy who got off his horse to leave Australia and whip the world with a tennis racket. But it is hesitant, at times uncertain. Aphasic is the word.

"I'll get over this. Sometimes my speech blurs, and I have to think before I start talking. I'm working on it. It can be very frustrating, the speech. Movement, too. I'm learning a lot of simple things all over again, like a kid. Like, 'he chuckles, 'telling time.'"

The tape he talks about is a rarity, one on which Laver, 60, is the victim. He had begun an on-camera interview with a television reporter in a Los Angeles hotel when the stroke struck.

"My fingers got numb, that's what I remember," he says. "I didn't have control. I know a lot of crazy things happened to me" — including explosive vomiting and collapse.

"According to the doctors, this is the only tape of somebody actually having a stroke. They say it's very valuable to study."

"I'm glad if it can help people, but,"

he laughs, "I'd just as soon see a tape of me hitting a backhand down the line."

Those blazing, topspinning backhands, flying from a Godzillion left arm terrorized tennis.

In 1962, Laver charged through the Australian, French, Wimbledon and U.S. championships to sculpt the first of his two Grand Slams. But as an amateur when those events barred the pros. He turned professional after that and led the pros into the promised land of open tennis and substantial prize money in 1968.

Next came his second Grand Slam in 1969. "I wanted to do it once more when the game was open and everybody had a shot at me, not like '62," he would say.

As we talk on the phone, Laver says he's lying on his back in the living room, working at rehab exercises. We've talked enough for now. His wife, Mary Laver, takes over the phone.

"It was a rough two weeks when he was in ICU," Mary says. "There were seizures, awfully high blood pressure. A fever that had trouble controlling — 106 degrees for a few days — swelling of the brain. He had to be restrained at times. He wanted out. Sometimes he ripped out the IVs. Rough for everybody."

"Now," she laughs, "the therapists say they've never seen anybody recovering from a stroke go at rehab so eagerly. But that's Rod. The prognosis for full recovery is very good."

You would expect this from my candidate for the greatest of all tennis players. For the Slam years, the Rocket won 19 of 34 tournaments in 1962, 17 of 32 in 1969 (played doubles, too). Pete Sampras felt overworked last year, engaging in 18 singles tournaments and winning seven.

Laver intends "to be back where I was, playing some tennis, some golf, gardening, getting around for my endorsement commitments."

He's moving about the neighborhood currently with help, on a walker. Nevertheless, I'd be careful about challenging him to a game, even if he's clinging with his right hand to the walker.

Claydon Gets First Tour Victory

Agence France-Press

MUNICH — Russell Claydon of Britain won the BMW International Open on Sunday to claim his first European Tour victory after finishing second five times since he joined the circuit in 1989.

Claydon finished with a four-under-par 68 to finish with a total of 270, 18 under par for his four rounds.

He beat a fellow Englishman, Jamie Spence, by one shot. Thomas Gogele of Germany finished a stroke further back.

Claydon, who also finished second as an amateur in the 1989 Australian Masters, sank eight single putts in his last 11 holes and nine in all in the final round. The 32-year-old golfer said that his failure to win a title had never concerned him.

"I've never bothered about finishing second," he said. "I try my hardest every week and if you come in second you have probably beaten about 155 golfers, which isn't bad."



Russell Claydon savoring his winning putt Sunday in Munich.

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BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

W L Pct. GB

New York 79 54 .594 0

Boston 70 64 .526 9

Toronto 66 68 .512 13

Tampa Bay 62 72 .463 17

CENTRAL DIVISION

W L Pct. GB

Cleveland 73 55 .569 0

Detroit 72 56 .565 1

Chicago 69 59 .541 13

Minnesota 68 60 .531 14

Kansas City 62 66 .485 20

WEST DIVISION

W L Pct. GB

Seattle 73 55 .569 0

Texas 72 56 .565 1

Los Angeles 69 59 .541 13

San Diego 68 60 .531 14

San Francisco 62 66 .485 20

FRIDAY LINESCORES

AMERICAN LEAGUE

First game

Detroit 6-0, Oakland 1-2

Chicago 12-0, Kansas City 4-1

10 innings

Detroit 6-0, Oakland 1-2

Chicago 12-0, Kansas City 4-1

Second game

Detroit 6-0, Oakland 1-2

Chicago 12-0, Kansas City 4-1

10 innings

Detroit 6-0, Oakland 1-2

Chicago 12-0, Kansas City 4-1

10 innings

Detroit 6-0, Oakland 1-2

Chicago 12-0, Kansas City 4-1

10 innings

Detroit 6-0, Oakland 1-2

Chicago 12-0, Kansas City 4-1

10 innings

Detroit 6-0, Oakland 1-2

Chicago 12-0, Kansas City 4-1

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Detroit 6-0, Oakland 1-2

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WORLD ROUNDUP

England in a Spin

CRICKET Muttiah Muralitharan, the Sri Lankan spin bowler, took two wickets Sunday to put his team in position to win a test match in England for the first time.

Muralitharan, who took seven wickets in the first innings, took two more as England ended the fourth day of the one-off test on 54 runs for two wickets in its second innings, still 92 runs behind.

Muralitharan also played a telling role with the bat in a last wicket stand of 59 with the pace bowler Suresh Perera. The pair lifted Sri Lanka to 591 all out. (Reuters)

Vikings Cut Brown

FOOTBALL The Minnesota Vikings released Larry Brown, a former Super Bowl MVP, Sunday as they cut their roster to the required 53-player limit.

Brown joined the Oakland Raiders after winning the MVP award in the 1996 Super Bowl with Dallas. He struggled in Oakland and signed with the Vikings after last season.

The Vikings agreed to pay the cornerback three games' worth of his base salary — \$48,000. (AP)

Bucks Hire Karl to Coach

BASKETBALL The Milwaukee Bucks hired George Karl, a former Seattle SuperSonics coach, to replace Chris Ford, who was fired last Tuesday.

Herb Kohl, the team owner, said Saturday that the deal with Karl was for about \$20 million over four years. Karl will also get a big say in team decisions. (AP)

Graf Ends Title Drought

TENNIS Steffi Graf continued her dominance over Jana Novotna with an easy 6-4, 6-1 victory Saturday to win the Pilot Pen final in New Haven, Connecticut.

It was Graf's first title since May 1997 in Strasbourg. A month later she had surgery on her left knee.

Graf put on a dominating display of precision, power and quickness and carved up Novotna's athletic serve and volley game in one hour, seven minutes. Novotna managed only nine points in the second set. (AP)



Steffi Graf showing winning form against Jana Novotna. Bob Chalk/AP

Hill Endures Rain and Fog to Capture Belgian Grand Prix

Race Is Marred By Accidents

By Brad Spurgeon
International Herald Tribune

SPA-FRANCORCHAMPS, Belgium — Damon Hill drove his Jordan Mogen Honda to victory through nearly constant rain and fog on Sunday in a Belgian Grand Prix that was marred virtually from start to finish by accidents and spinouts, one of which led to a pit-lane confrontation between two of the leading drivers.

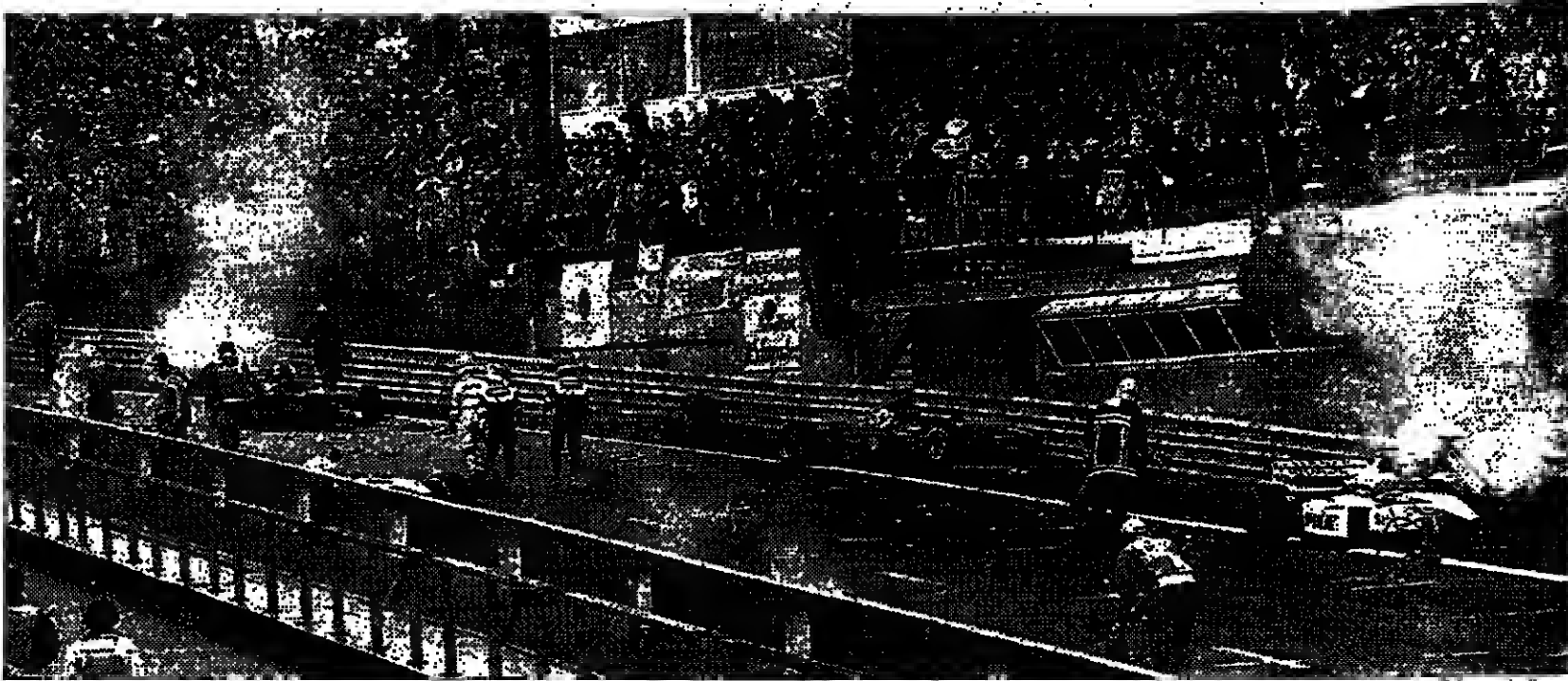
It was the first victory for the Jordan team after 127 races. It was Hill's 22d victory and his third at Spa but his first since the Japanese Grand Prix in 1996, when he clinched the world championship that year in a Williams.

The race in Belgium was supposed to be a showdown between the two championship leaders, Mika Hakkinen and Michael Schumacher. Neither finished.

Schumacher, who had won at Spa four times, rammed into the back of David Coulthard's McLaren on the 25th lap of the race when visibility was at its worst. Schumacher, who was leading by more than half a minute at the time, lost a wheel in the incident.

Driving on three wheels, Schumacher followed Coulthard's damaged McLaren back to the pits and got out of his car as several members of his Ferrari team tried to hold him back. He then marched over to the McLaren garage and confronted Coulthard. "You tried to kill me," Schumacher reportedly said.

After the race, the stewards judged the accident to be "a racing incident" and decided that no action would be taken against either driver. Coulthard's McLaren team said its driver was slow-



Drivers walking back to the pits as race officials inspected the damage following a massive pile-up shortly after the start of the Belgian Grand Prix. Robert van der Pijl/Agence France Press

ing down to let Schumacher pass.

"I am very annoyed about what happened," Schumacher said. "It was clear that we would have taken the lead in the championship, as I was by far the fastest car on the track. Coulthard seemed to be running 5 to 6 seconds slower than his real pace once I was behind him. He has the experience to know that you do not slow down on a straight like that without giving any warning."

Hakkinen, Coulthard's teammate, had spun out at the first corner after the second start while trying to defend his position against Schumacher.

Schumacher, Hakkinen and Hill were part of a group of only seven drivers to escape a gigantic pile-up down the second straightaway after the first corner on the first start.

Coulthard came in contact with Eddie Irvine's Ferrari at the hairpin and spun into the middle of the track. The two cars went spinning off, setting in motion a chain reaction that would put every car in the race from the 10th back to the 21st out of action. The last man of the pack, Esteban Tuero, driving a Minardi, managed to slalom through the wreckage untouched.

It was one of the worst pile-ups in

recent Formula One history, but, miraculously, none of the drivers were injured. Four were unable to return to the race since their teams did not have an extra car.

After the race restarted, however, the downpour increased and things grew worse. Two laps after Schumacher ran into Coulthard, Giancarlo Fisichella ran his Benetton into the back of Shinji Nakano's Minardi in an almost identical incident. The Benetton was destroyed but Fisichella was unhurt.

Because the Benetton came to rest in the middle of the track, the safety car came out. There were still 18 laps to go,

but only 6 cars were left in the race although Coulthard and Nakano returned to the track after repairs.

The last 15 laps became a battle for victory between Hill, his teammate Ralf Schumacher, and Jean Alesi in a Sauber.

Hill covered the 44 laps of the 6.96-kilometer (4.32-mile) track in 1 hour, 4 minutes and 47 seconds for an average speed of 177.229 kilometers an hour (109.881 miles per hour). His victory, along with his teammate's second place finish, put the Jordan team in fifth place in the constructors title championship race.

In Strange Year for Tennis, It's Hard to Pick U.S. Open Winners

By Christopher Clarey
International Herald Tribune

NEW YORK — The U.S. Open, which begins Monday, is the last chance this year for someone to take charge.

Professional tennis is not yet golf, where a journeyman can become the man for a four-day span. But it is certainly beginning a flirtation with parity. Picking a clear favorite at the loudest if not proudest Grand Slam event used to be as simple as looking at the computer rankings. That is no longer the case.

Martina Hingis, the teenager who has been No. 1 by a lot since March 1997, has not won a tournament since the Italian Open in May and has one less title this season than her Swiss Fed Cup teammate, Patty Schnyder.

In the last three months, Hingis has lost once each to Anna Kournikova, Jana Novotna, Lindsay Davenport and Mary Pierce and twice to Monica Seles.

"Sometimes you get to the point that you're sick of losing once you're used to winning all the time," Hingis said. "But I didn't feel like I was 100 percent

when I was on the court sometimes."

Perhaps that is because her off-court existence has been brimming with photo shoots and other diversions, including her first serious boyfriend, Julian Alonso. "Once you are No. 1 in whatever you do, I guess you have to do a lot more and nobody can really imagine," she said. "It's been a very different year than last year."

Part of the problem is focus: Hingis has admitted that she occasionally finds herself thinking about dinner plans during matches. Part of the problem is the improvement of her peers, who also have become more familiar with Hingis' weaknesses and how to exploit them.

"The players sense that she is more and more beatable," said Sandrine Testud of France, who came close to doing it in the Canadian Open.

In practice on Friday, Hingis stepped on a ball and went sprawling as a small group of spectators gasped. She limped off court, but after stretching for several minutes, she resumed her training session with intensity. "I have motivation again," Hingis said later.

Pete Sampras has seldom lacked it, and he may never have wanted a title more than this one. Sampras grew up watching the great Australians on videotape with his mentor and coach, Pete Fischer, and at 27, he has a chance to catch one of his Aussie role models from behind. Sampras is only one short of Roy Emerson's career total of 12 Grand Slam singles titles. Sampras can draw level at Flushing Meadows, where he won his first Grand Slam title in 1990 at age 19.

But Sampras, who has finished No. 1 in the year-end rankings the last five years, no longer casts such a shadow over his opposition. Yes, he has won Wimbledon the last two years, but in the last five Grand Slam tournaments that were not played on grass, he has not advanced past the quarterfinals. His endurance remains a small question mark, but from the look of the draw at Flushing Meadows, his first three rounds should give him time to find his form before facing the likes of the rising teenager Marat Safin in the fourth round or the rising new-ager Andre Agassi in the quarterfinals.

Sampras' and Agassi's half of the

draw is by far the stronger half, with the defending champion Patrick Rafter, Greg Rusedski, Goran Ivanisevic, Todd Martin, Jonas Bjorkman and Cedric Pioline all in the other quarter. The women's draw is also top-heavy, with Hingis, Seles, Novotna, Serena Williams, Schnyder and Steffi Graf, who has struggled this summer in her return to full-time competition but was brilliant last week in New Haven, Connecticut.

Graf, winner of 21 Grand Slam singles titles, was once a symbol of dominance, but that is now an elusive commodity in her demanding sport. There were six different singles champions at the first three Grand Slam events in 1997, and three of those champions — Petr Korda, Carlos Moya and Novotna — had never won a Slam. More ground could be broken here. Davenport has yet to reach a Grand Slam singles final, but her recent hard-court results and enormous power off both wings make a convincing case.

Venus Williams was the talking point of this tournament a year ago as she brushed aside all opposition except Hingis, who gave her a tennis lesson in the

final. This September, Williams, hair beads and manly serve still in place, is a much more polished and versatile player. She has beaten Hingis twice this season, but her petulant performance in her quarterfinal loss to Novotna at Wimbledon and a chronic knee condition (patellofemoral tracking syndrome, to be medically specific) are disquieting.

There are also potential first-time champions lurking in the men's draw. Alex Corretja, despite somewhat elaborate backswings, has had consistent success on hard courts and nearly beat Sampras here in the quarterfinals in 1996. Ivanisevic and the British pair — Rusedski and Tim Henman — are also capable of winning.

But the player who would have been considered most likely to win his first Slam at Flushing Meadows, Marce Rios, is suffering a minor crisis of confidence.

He has won only one of four matches, on American cement this summer since dismissing his coach, Larry Stefanki. Of course, in this strange tennis year, that probably means Rios is ready to win the Open.



(put on a happy face)

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Egypt (Cairo)	210-5285	Italy	1-72-1011	Switzerland	800-49-0011
France	8-800-99-0011	Netherlands	0900-022-1111	United Kingdom	800-49-0011
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